

**NONMAJOR GOVERNMENTAL FUNDS - COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES**

Year Ended June 30, 2006

EXHIBIT C-1

			Special			
	Rental Certification	Law Enforcement	Rubbish and Garbage Collection	Cemetery	Loan Revolving	Community Development Block Grant
Revenues:						
Taxes	\$	\$	\$ 1,973,664	\$	\$	\$
Grants		954,445				693,726
Charges for services	188,843	421,979		131,132		77,882
Investment income:						
Interest and dividends						
Net increase (decrease) in fair value of investments						
Total Revenues	<u>\$ 188,843</u>	<u>\$ 1,376,424</u>	<u>\$ 1,973,664</u>	<u>\$ 131,132</u>	<u>\$</u>	<u>\$ 771,608</u>
Expenditures:						
Current:						
Public safety	\$	\$ 408,847	\$	\$	\$	\$
Public works			1,772,152	492,479		
General support services	205,794					199,586
Capital outlay		840,850		4,400		572,022
Total Expenditures	<u>205,794</u>	<u>1,249,697</u>	<u>1,772,152</u>	<u>496,879</u>	<u></u>	<u>771,608</u>
Revenue over (under)						
Expenditures	(16,951)	126,727	201,512	(365,747)		
Other financing sources (uses):						
Transfers in				303,167		
Transfers out				303,167		
Net Change in Fund Balances	(16,951)	126,727	201,512	(62,580)		
Fund balances at beginning of year	78,370	560,669	1,105,990	140,318		
FUND BALANCES AT END OF YEAR	<u>\$ 61,419</u>	<u>\$ 687,396</u>	<u>\$ 1,307,502</u>	<u>\$ 77,738</u>	<u>\$ 0</u>	<u>\$ 0</u>

Revenue Funds				Permanent Funds		Totals	
Home	Neighborhood Rehabili- tation	Streetscape Maintenance	Beauti- fication Commission	Cemetery Perpetual Care	Auditorium	June 30, 2006	June 30, 2005
\$	\$	\$	\$	\$	\$	\$	\$
382,519	90,000					1,973,664	1,903,181
37,760		60,314	1,792	70,012		2,120,690	1,729,352
						989,714	708,201
				258,167	14,843	273,010	269,547
				(136,269)	(15,756)	(152,025)	86,030
<u>\$ 420,279</u>	<u>\$ 90,000</u>	<u>\$ 60,314</u>	<u>\$ 1,792</u>	<u>\$ 191,910</u>	<u>\$ (913)</u>	<u>\$ 5,205,053</u>	<u>\$ 4,696,311</u>
\$	\$	\$	\$	\$	\$	\$	\$
		33,847				408,847	203,378
28,690			5,410			2,298,478	2,179,605
391,589	90,000					439,480	452,873
<u>420,279</u>	<u>90,000</u>	<u>33,847</u>	<u>5,410</u>			<u>1,898,861</u>	<u>1,584,974</u>
						<u>5,045,666</u>	<u>4,420,830</u>
		26,467	(3,618)	191,910	(913)	159,387	275,481
			8,300			311,467	309,889
				(258,167)		(258,167)	(256,589)
			8,300	(258,167)		53,300	53,300
		26,467	4,682	(66,257)	(913)	212,687	328,781
		50,451	3,512	5,058,001	321,685	7,318,996	6,990,215
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 76,918</u>	<u>\$ 8,194</u>	<u>\$ 4,991,744</u>	<u>\$ 320,772</u>	<u>\$ 7,531,683</u>	<u>\$ 7,318,996</u>

City of Port Huron

NONMAJOR SPECIAL REVENUE FUNDS - SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended June 30, 2006

EXHIBIT C-2

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RENTAL CERTIFICATION:				
Revenues:				
Charges for services	\$ 186,445	\$ 186,445	\$ 188,843	\$ 2,398
Expenditures:				
Current:				
General support services	218,636	218,636	205,794	12,842
Revenues over (under) Expenditures	(32,191)	(32,191)	(16,951)	15,240
Fund balance at beginning of year	78,370	78,370	78,370	
FUND BALANCE AT END OF YEAR	<u>\$ 46,179</u>	<u>\$ 46,179</u>	<u>\$ 61,419</u>	<u>\$ 15,240</u>
LAW ENFORCEMENT:				
Revenues:				
Grants	\$ 80,000	\$ 1,150,000	\$ 954,445	\$ (195,555)
Charges for services	191,672	401,672	421,979	20,307
Total Revenues	<u>271,672</u>	<u>1,551,672</u>	<u>1,376,424</u>	<u>(175,248)</u>
Expenditures:				
Current:				
Public safety	117,524	447,524	408,847	38,677
Capital outlay	154,148	1,104,148	840,850	263,298
Total Expenditures	<u>271,672</u>	<u>1,551,672</u>	<u>1,249,697</u>	<u>301,975</u>
Revenues over (under) Expenditures			126,727	126,727
Fund balance at beginning of year	560,669	560,669	560,669	
FUND BALANCE AT END OF YEAR	<u>\$ 560,669</u>	<u>\$ 560,669</u>	<u>\$ 687,396</u>	<u>\$ 126,727</u>
RUBBISH AND GARBAGE COLLECTION:				
Revenues:				
Taxes	\$ 1,965,000	\$ 1,965,000	\$ 1,973,664	\$ 8,664
Expenditures:				
Current:				
Public works	1,761,177	1,791,177	1,772,152	19,025
Capital outlay	203,823	173,823		173,823
Total Expenditures	<u>1,965,000</u>	<u>1,965,000</u>	<u>1,772,152</u>	<u>192,848</u>
Revenues over (under) Expenditures			201,512	201,512
Fund balance at beginning of year	1,105,990	1,105,990	1,105,990	
FUND BALANCE AT END OF YEAR	<u>\$ 1,105,990</u>	<u>\$ 1,105,990</u>	<u>\$ 1,307,502</u>	<u>\$ 201,512</u>

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City of Port Huron

**NONMAJOR SPECIAL REVENUE FUNDS - SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL**
Year Ended June 30, 2006

EXHIBIT C-2
(Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
CEMETERY:				
Revenues:				
Charges for services	\$ 164,000	\$ 184,000	\$ 131,132	\$ (52,868)
Expenditures:				
Current:				
Public works	504,873	514,873	492,479	22,394
Capital outlay		10,000	4,400	5,600
Total Expenditures	504,873	524,873	496,879	27,994
Revenues over (under) Expenditures	(340,873)	(340,873)	(365,747)	(24,874)
Other financing sources (uses):				
Transfers in	295,000	295,000	303,167	8,167
Net Change in Fund Balance	(45,873)	(45,873)	(62,580)	(16,707)
Fund balance at beginning of year	140,318	140,318	140,318	
FUND BALANCE AT END OF YEAR	\$ 94,445	\$ 94,445	\$ 77,738	\$ (16,707)
LOAN REVOLVING:				
Revenues over Expenditures	\$	\$	\$	\$
Fund balance at beginning of year				
FUND BALANCE AT END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 0
COMMUNITY DEVELOPMENT BLOCK GRANT:				
Revenues:				
Grants	\$ 977,233	\$ 927,233	\$ 693,726	\$ (233,507)
Charges for services		50,000	77,882	27,882
Total Revenues	977,233	977,233	771,608	(205,625)
Expenditures:				
Current:				
General support services	195,000	205,000	199,586	5,414
Capital outlay	782,233	772,233	572,022	200,211
Total Expenditures	977,233	977,233	771,608	205,625
Revenues over Expenditures				
Fund balance at beginning of year				
FUND BALANCE AT END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 0

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**NONMAJOR SPECIAL REVENUE FUNDS - SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended June 30, 2006**

EXHIBIT C-2
(Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HOME:				
Revenues:				
Grants	\$ 268,950	\$ 393,950	\$ 382,519	\$ (11,431)
Charges for services		30,000	37,760	7,760
Total Revenues	<u>268,950</u>	<u>423,950</u>	<u>420,279</u>	<u>(3,671)</u>
Expenditures:				
Current:				
General support services	26,895	30,000	28,690	1,310
Capital outlay	242,055	393,950	391,589	2,361
Total Expenditures	<u>268,950</u>	<u>423,950</u>	<u>420,279</u>	<u>3,671</u>
Revenues over Expenditures				
Fund balance at beginning of year				
FUND BALANCE AT END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
NEIGHBORHOOD REHABILITATION:				
Revenues:				
Grants	\$ 15,000	\$ 195,000	\$ 90,000	\$ (105,000)
Expenditures:				
Current:				
General support services	1,500	1,500		1,500
Capital outlay	13,500	193,500	90,000	103,500
Total Expenditures	<u>15,000</u>	<u>195,000</u>	<u>90,000</u>	<u>105,000</u>
Revenues over Expenditures				
Fund balance at beginning of year				
FUND BALANCE AT END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
STREETSCAPE MAINTENANCE:				
Revenues:				
Charges for services	\$ 40,000	\$ 60,000	\$ 60,314	\$ 314
Expenditures:				
Current:				
Public works	40,000	60,000	33,847	26,153
Revenues over Expenditures			26,467	26,467
Fund balance at beginning of year	50,451	50,451	50,451	
FUND BALANCE AT END OF YEAR	<u>\$ 50,451</u>	<u>\$ 50,451</u>	<u>\$ 76,918</u>	<u>\$ 26,467</u>

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City of Port Huron

NONMAJOR SPECIAL REVENUE FUNDS - SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended June 30, 2006

EXHIBIT C-2
(Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BEAUTIFICATION COMMISSION:				
Revenues:				
Charges for services	\$ 1,500	\$ 1,500	\$ 1,792	\$ 292
Expenditures:				
Current:				
General support services	7,300	9,800	5,410	4,390
Revenues over (under) Expenditures	(5,800)	(8,300)	(3,618)	4,682
Other financing sources:				
Transfers in	3,300	8,300	8,300	
Net Change in Fund Balance	(2,500)		4,682	4,682
Fund balance at beginning of year	3,512	3,512	3,512	
FUND BALANCE AT END OF YEAR	<u>\$ 1,012</u>	<u>\$ 3,512</u>	<u>\$ 8,194</u>	<u>\$ 4,682</u>

FINANCIAL STATEMENTS

NONMAJOR ENTERPRISE FUNDS

These Funds report operations that provide services to citizens financed primarily by a user charge or activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes. The combined Nonmajor Enterprise Funds are comprised of the following individual funds:

Parking Fund - The operation of the City's metered and attended parking lots are accounted for in this fund.

Senior Citizens Fund - The rental operations related to senior citizens housing owned by the City of Port Huron are recorded in this fund.

Marina Fund - This fund accounts for the operation of the various marinas located within the City.

NONMAJOR ENTERPRISE FUNDS - COMBINING STATEMENT OF NET ASSETS

June 30, 2006

EXHIBIT D

ASSETS		Parking	Senior Citizens	Marina
Current assets:				
Cash and cash equivalents		\$ 232,568	\$ 921,110	\$ 2,000
Accounts receivable (net of allowances for uncollectibles)		602	15,410	3,063
Inventories				37,005
Prepaid expenses				69,952
Total Current Assets		<u>233,170</u>	<u>936,520</u>	<u>112,020</u>
Capital assets:				
Land		861,665		1,518,228
Land improvements		267,758		591,264
Buildings			5,050,214	656,819
Equipment		3,370	29,697	2,595,247
		<u>1,132,793</u>	<u>5,079,911</u>	<u>5,361,558</u>
Less accumulated depreciation		270,161	3,594,459	3,015,961
Total Capital Assets		<u>862,632</u>	<u>1,485,452</u>	<u>2,345,597</u>
Total Assets		<u>1,095,802</u>	<u>2,421,972</u>	<u>2,457,617</u>
LIABILITIES				
Current liabilities:				
Accounts payable		2,799	23,567	61,882
Accrued payroll		1,872		7,234
Contracts payable			41,843	33,425
Due to other funds				629,047
Unearned revenue				95,023
Other liabilities			20,453	
Total Current Liabilities		<u>4,671</u>	<u>85,863</u>	<u>826,611</u>
NET ASSETS				
Invested in capital assets		862,632	1,485,452	2,345,597
Unrestricted (deficit)		<u>228,499</u>	<u>850,657</u>	<u>(714,591)</u>
Total Net Assets		<u>\$ 1,091,131</u>	<u>\$ 2,336,109</u>	<u>\$ 1,631,006</u>

Totals	
June 30, 2006	June 30, 2005
\$ 1,155,678	\$ 1,045,255
19,075	13,580
37,005	31,626
69,952	58,657
<u>1,281,710</u>	<u>1,149,118</u>
2,379,893	2,379,893
859,022	859,022
5,707,033	5,643,786
2,628,314	2,704,314
<u>11,574,262</u>	<u>11,587,015</u>
6,880,581	6,645,036
<u>4,693,681</u>	<u>4,941,979</u>
<u>5,975,391</u>	<u>6,091,097</u>
88,248	21,638
9,106	33,119
75,268	42,975
629,047	405,173
95,023	89,578
20,453	22,837
<u>917,145</u>	<u>615,320</u>
4,693,681	4,941,979
<u>364,565</u>	<u>533,798</u>
<u>\$ 5,058,246</u>	<u>\$ 5,475,777</u>

**NONMAJOR ENTERPRISE FUNDS - COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS**

Year Ended June 30, 2006

EXHIBIT D-1

	<u>Parking</u>	<u>Senior Citizens</u>	<u>Marina</u>
Operating revenues:			
Charges for services	\$ 187,623	\$	\$ 304,164
Rents		375,771	256,990
Total Operating Revenues	<u>187,623</u>	<u>375,771</u>	<u>561,154</u>
Operating expenses:			
Personal services	81,746	61,172	195,137
Supplies and materials	8,161	14,949	320,224
Contractual services	108,680	608,781	360,885
Depreciation	4,006	181,743	128,120
Total Operating Expenses	<u>202,593</u>	<u>866,645</u>	<u>1,004,366</u>
Operating Income (Loss)	<u>(14,970)</u>	<u>(490,874)</u>	<u>(443,212)</u>
Nonoperating revenues (expenses):			
Operating grants		456,525	
Income (Loss) Before Operating Transfers	<u>(14,970)</u>	<u>(34,349)</u>	<u>(443,212)</u>
Transfers in (out):			
Transfer in			75,000
Change in Net Assets	<u>(14,970)</u>	<u>(34,349)</u>	<u>(368,212)</u>
Net assets at beginning of year	<u>1,106,101</u>	<u>2,370,458</u>	<u>1,999,218</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,091,131</u>	<u>\$ 2,336,109</u>	<u>\$ 1,631,006</u>

Totals	
June 30, 2006	June 30, 2005
\$ 491,787	\$ 560,165
632,761	628,954
<u>1,124,548</u>	<u>1,189,119</u>
338,055	446,369
343,334	334,874
1,078,346	756,284
313,869	346,488
<u>2,073,604</u>	<u>1,884,015</u>
(949,056)	(694,896)
<u>456,525</u>	<u>450,619</u>
(492,531)	(244,277)
<u>75,000</u>	<u>100,000</u>
(417,531)	(144,277)
<u>5,475,777</u>	<u>5,620,054</u>
<u>\$ 5,058,246</u>	<u>\$ 5,475,777</u>

**NONMAJOR ENTERPRISE FUNDS - COMBINING STATEMENT
OF CASH FLOWS**

Year Ended June 30, 2006

EXHIBIT D-2

	Parking	Senior Citizens	Marina
Cash flows from operating activities:			
Receipts from customers	\$ 187,592	\$ 365,593	\$ 568,929
Payments to suppliers for goods and services	(100,381)	(501,500)	(386,157)
Payments to employees for services	(84,804)	(71,719)	(205,545)
Payments connected with interfund services	(17,475)	(58,837)	(51,227)
Net cash provided by (used in) operating activities	<u>(15,068)</u>	<u>(266,463)</u>	<u>(74,000)</u>
Cash flows from noncapital financing activities:			
Operating grants received		456,525	
Transfers in			75,000
Net cash provided by (used in) noncapital financing activities		<u>456,525</u>	<u>75,000</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets		(65,571)	
Net cash provided by (used in) capital and related financing activities		<u>(65,571)</u>	
Net increase (decrease) in cash and cash equivalents	(15,068)	124,491	1,000
Cash and cash equivalents at beginning of year	<u>247,636</u>	<u>796,619</u>	<u>1,000</u>
Cash and cash equivalents at end of year	<u>\$ 232,568</u>	<u>\$ 921,110</u>	<u>\$ 2,000</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	<u>\$ (14,970)</u>	<u>\$ (490,874)</u>	<u>\$ (443,212)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	4,006	181,743	128,120
Change in current assets and liabilities:			
Decrease (increase) in accounts receivables	(31)	(7,794)	2,330
Decrease (increase) in inventory			(5,379)
Decrease (increase) in prepaid expenses			(11,295)
Increase (decrease) in accounts payable	2,260	21,550	42,800
Increase (decrease) in accrued payroll	(3,058)	(10,547)	(10,408)
Increase (decrease) in contracts payable	(3,275)	41,843	(6,275)
Increase (decrease) in due to other funds			223,874
Increase (decrease) in unearned revenue			5,445
Increase (decrease) in other liabilities		(2,384)	
Total Adjustments	<u>(98)</u>	<u>224,411</u>	<u>369,212</u>
Net cash provided by (used in) operating activities	<u>\$ (15,068)</u>	<u>\$ (266,463)</u>	<u>\$ (74,000)</u>

Totals	
June 30, 2006	June 30, 2005
\$ 1,122,114	\$ 1,180,992
(988,038)	(896,854)
(362,068)	(439,887)
(127,539)	(112,009)
<u>(355,531)</u>	<u>(267,758)</u>
456,525	450,619
<u>75,000</u>	<u>100,000</u>
531,525	550,619
(65,571)	(12,750)
(65,571)	(12,750)
110,423	270,111
<u>1,045,255</u>	<u>775,144</u>
<u>\$ 1,155,678</u>	<u>\$ 1,045,255</u>
\$ (949,056)	\$ (694,896)
313,869	346,488
(5,495)	(9,176)
(5,379)	(13,442)
(11,295)	(58,657)
66,610	(3,310)
(24,013)	6,482
32,293	28,259
223,874	129,445
5,445	(3,167)
(2,384)	4,216
<u>593,525</u>	<u>427,138</u>
<u>\$ (355,531)</u>	<u>\$ (267,758)</u>

FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS

These Funds are used to record the financing of goods or services provided by the City to other departments and funds or to other governmental units on a cost-reimbursement basis. The Internal Service Funds are comprised of the following individual funds:

Central Stores Fund - This fund was established to account for the supply room and copier activities.

Motor Vehicle Fund - The rental charges of City-owned equipment (principally cars and trucks) to other City departments are accounted for in this fund.

Data Processing Fund - The data processing charges to other City departments and outside municipalities for which the City provides data processing services are accounted for in this fund.

Insurance and Fringe Benefit Fund - This fund is the clearing account for the City's property, liability and other insurances and the other payroll related fringe benefits. Monies are accumulated in this fund as a result of insurance and payroll allocations based on an activity/fund basis.

INTERNAL SERVICE FUNDS - COMBINING STATEMENT OF NET ASSETS

June 30, 2006

EXHIBIT E

ASSETS	Governmental Activities		
	Central Stores	Motor Vehicle	Data Processing
Current assets:			
Cash and cash equivalents	\$ 73,100	\$ 1,107,847	\$ 60,179
Accounts receivable			7,937
Inventories	39,863	86,000	28,633
Total Current Assets	<u>112,963</u>	<u>1,193,847</u>	<u>96,749</u>
Capital assets:			
Land improvements		1,370,559	
Machinery and equipment	26,623	311,166	384,655
Vehicles		2,515,224	
	<u>26,623</u>	<u>4,196,949</u>	<u>384,655</u>
Less accumulated depreciation	10,922	2,247,610	277,483
Total Capital Assets	<u>15,701</u>	<u>1,949,339</u>	<u>107,172</u>
Total Assets	<u>128,664</u>	<u>3,143,186</u>	<u>203,921</u>
LIABILITIES			
Current liabilities:			
Accounts payable	8,362	15,033	9,134
Accrued payroll		13,560	10,505
Claims and judgements payable			
Compensated absences payable (current portion)			
Total Current Liabilities	<u>8,362</u>	<u>28,593</u>	<u>19,639</u>
Noncurrent liabilities:			
Compensated absences payable (exclusive of current portion)			
Total Liabilities	<u>8,362</u>	<u>28,593</u>	<u>19,639</u>
NET ASSETS			
Invested in capital assets	15,701	1,949,339	107,172
Unrestricted	104,601	1,165,254	77,110
Total Net Assets	<u>\$ 120,302</u>	<u>\$ 3,114,593</u>	<u>\$ 184,282</u>

Insurance and Fringe Benefit	Totals	
	June 30, 2006	June 30, 2005
\$ 12,370,646	\$ 13,611,772	\$ 11,123,667
194,705	202,642	516,127
	154,496	121,518
<u>12,565,351</u>	<u>13,968,910</u>	<u>11,761,312</u>
	1,370,559	1,370,559
	722,444	910,976
	2,515,224	2,559,003
	<u>4,608,227</u>	<u>4,840,538</u>
	2,536,015	2,851,051
	<u>2,072,212</u>	<u>1,989,487</u>
<u>12,565,351</u>	<u>16,041,122</u>	<u>13,750,799</u>
9,629	42,158	138,184
495,588	519,653	328,234
1,089,948	1,089,948	970,828
495,615	495,615	207,275
<u>2,090,780</u>	<u>2,147,374</u>	<u>1,644,521</u>
2,725,380	2,725,380	2,943,556
<u>4,816,160</u>	<u>4,872,754</u>	<u>4,588,077</u>
7,749,191	2,072,212	1,989,487
	9,096,156	7,173,235
<u>\$ 7,749,191</u>	<u>\$ 11,168,368</u>	<u>\$ 9,162,722</u>

**INTERNAL SERVICE FUNDS - COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS**

Year Ended June 30, 2006

EXHIBIT E-1

	Central Stores	Motor Vehicle	Data Processing
Operating revenues:			
Charges for services	\$ 146,246	\$ 2,872,473	\$ 867,070
Operating expenses:			
Personal services	11,190	792,209	604,160
Supplies and materials	39,564	315,714	103,711
Contractual services	88,546	801,657	195,951
Depreciation	4,417	414,898	59,932
Total Operating Expenses	<u>143,717</u>	<u>2,324,478</u>	<u>963,754</u>
Operating Income (Loss)	<u>2,529</u>	<u>547,995</u>	<u>(96,684)</u>
Nonoperating revenues:			
Investment income			
Gain on sale of property and equipment		3,030	
Total Nonoperating Revenues		<u>3,030</u>	
Income (Loss) Before Operating Transfers	<u>2,529</u>	<u>551,025</u>	<u>(96,684)</u>
Transfers in (out):			
Transfer in			
Change in Net Assets	<u>2,529</u>	<u>551,025</u>	<u>(96,684)</u>
Net assets at beginning of year	<u>117,773</u>	<u>2,563,568</u>	<u>280,966</u>
NET ASSETS AT END OF YEAR	<u>\$ 120,302</u>	<u>\$ 3,114,593</u>	<u>\$ 184,282</u>

Insurance and Fringe Benefit	Totals	
	June 30, 2006	June 30, 2005
\$ 10,827,276	\$ 14,713,065	\$ 13,182,246
8,695,541	10,103,100	9,841,074
434	459,423	396,170
969,778	2,055,932	1,976,784
	479,247	512,305
9,665,753	13,097,702	12,726,333
1,161,523	1,615,363	455,913
387,253	387,253	162,582
	3,030	13,313
387,253	390,283	175,895
1,548,776	2,005,646	631,808
		50,000
1,548,776	2,005,646	681,808
6,200,415	9,162,722	8,480,914
\$ 7,749,191	\$ 11,168,368	\$ 9,162,722

**INTERNAL SERVICE FUNDS - COMBINING STATEMENT
OF CASH FLOWS**

Year Ended June 30, 2006

EXHIBIT E-2

	Central Stores	Motor Vehicle	Data Processing
Cash flows from operating activities:			
Receipts from customers	\$ 146,246	\$ 2,872,473	\$ 887,375
Payments to suppliers for goods and services	(110,699)	(953,114)	(200,087)
Payments to employees for services	(11,190)	(820,131)	(625,320)
Payments connected with interfund services	(15,756)	(197,731)	(93,459)
Net cash provided by (used in) operating activities	<u>8,601</u>	<u>901,497</u>	<u>(31,491)</u>
Cash flows from noncapital financing activities			
Transfers in			
Net cash provided by noncapital financing activities			
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets		(485,400)	(76,572)
Proceeds from sale of equipment		3,030	
Net cash provided by (used in) capital and related financial activities		<u>(482,370)</u>	<u>(76,572)</u>
Cash flows from investing activities:			
Investment income			
Net cash provided by (used in) investing activities			
Net increase (decrease) in cash and cash equivalents	8,601	419,127	(108,063)
Cash and cash equivalents at beginning of year	64,499	688,720	168,242
Cash and cash equivalents at end of year	<u>\$ 73,100</u>	<u>\$ 1,107,847</u>	<u>\$ 60,179</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 2,529	\$ 547,995	\$ (96,684)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	4,417	414,898	59,932
Changes in current assets and liabilities:			
Decrease (increase) in accounts receivable			20,305
Decrease (increase) in inventories	(2,166)	(32,033)	1,221
Increase (decrease) in accounts payable	3,821	(1,441)	4,895
Increase (decrease) in accrued payroll		(27,922)	(21,160)
Increase (decrease) in claims and judgements payable			
Increase (decrease) in compensated absences payable			
Total adjustments	<u>6,072</u>	<u>353,502</u>	<u>65,193</u>
Net cash provided by (used in) operating activities	<u>\$ 8,601</u>	<u>\$ 901,497</u>	<u>\$ (31,491)</u>

Insurance and Fringe Benefit	Totals	
	June 30, 2006	June 30, 2005
\$ 11,120,456	\$ 15,026,550	\$ 13,109,340
(1,073,513)	(2,337,413)	(1,987,153)
(8,265,756)	(9,722,397)	(9,601,445)
	(306,946)	(286,921)
<u>1,781,187</u>	<u>2,659,794</u>	<u>1,233,821</u>
		50,000
		<u>50,000</u>
	(561,972)	(420,838)
	3,030	13,313
	(558,942)	(407,525)
387,253	387,253	162,582
<u>387,253</u>	<u>387,253</u>	<u>162,582</u>
2,168,440	2,488,105	1,038,878
<u>10,202,206</u>	<u>11,123,667</u>	<u>10,084,789</u>
\$ <u>12,370,646</u>	\$ <u>13,611,772</u>	\$ <u>11,123,667</u>
\$ <u>1,161,523</u>	\$ <u>1,615,363</u>	\$ <u>455,913</u>
	479,247	512,305
293,180	313,485	(72,906)
(103,301)	(32,978)	(240)
240,501	(96,026)	99,120
119,120	191,419	42,197
70,164	119,120	63,850
<u>619,664</u>	<u>70,164</u>	<u>133,582</u>
	1,044,431	777,908
\$ <u>1,781,187</u>	\$ <u>2,659,794</u>	\$ <u>1,233,821</u>

FINANCIAL STATEMENTS

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the City in a trustee capacity for others and therefore cannot be used to support the City's own programs. Both the E.W. Kiefer Fund and the Senior Citizens Fund are private purpose trust funds. Private purpose trust funds are used to account for any trust arrangement not properly reported in a pension trust fund or an investment trust fund under which principal and income benefit individuals, private organizations or other governments. Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and for other funds.

E. W. Kiefer Fund - The assets donated to the City to be used for port promotion are accounted for in this fund.

Senior Citizens Fund - Assets donated to the City which are to be used for various senior citizens's projects are accounted for in this fund.

Agency Fund - This fund accounts for taxes collected for the City and other units of government.

City of Port Huron

FIDUCIARY FUNDS - COMBINING STATEMENT OF NET ASSETS

June 30, 2006

EXHIBIT F

	Trust Funds		Totals	
	E. W. Kiefer	Senior Citizens	June 30, 2006	June 30, 2005
ASSETS				
Cash and cash equivalents	\$ 3,288	\$ 29,242	\$ 32,530	\$ 32,353
LIABILITIES				
Other liabilities				
NET ASSETS				
Net assets held in trust	<u>\$ 3,288</u>	<u>\$ 29,242</u>	<u>\$ 32,530</u>	<u>\$ 32,353</u>

City of Port Huron

FIDUCIARY FUNDS - COMBINING
STATEMENT OF CHANGES IN NET ASSETS
 Year Ended June 30, 2006

EXHIBIT F-1

	E.W. Kiefer	Senior Citizens	Totals	
			June 30, 2006	June 30, 2005
Additions:				
Investment income	\$ 17	\$ 1,080	\$ 1,097	\$ 527
Deductions:				
Supplies and materials		900	900	900
Contractual services	20		20	3,665
Total Deductions	20	900	920	4,565
Change in Net Assets	(3)	180	177	(4,038)
Net assets at beginning of year	3,291	29,062	32,353	36,391
NET ASSETS AT END OF YEAR	\$ 3,288	\$ 29,242	\$ 32,530	\$ 32,353

**AGENCY FUND - STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES**
Year Ended June 30, 2006

EXHIBIT F-2

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2006</u>
ASSETS				
Cash and cash equivalents	<u>\$ 418,940</u>	<u>\$ 34,550,405</u>	<u>\$ 34,706,668</u>	<u>\$ 262,677</u>
LIABILITIES				
Due to other governmental units	<u>\$ 75,806</u>	<u>\$ 21,088,710</u>	<u>\$ 21,104,885</u>	<u>\$ 59,631</u>
Taxes collected in advance	<u>343,134</u>	<u>203,046</u>	<u>343,134</u>	<u>203,046</u>
Total Liabilities	<u>\$ 418,940</u>	<u>\$ 21,291,756</u>	<u>\$ 21,448,019</u>	<u>\$ 262,677</u>

FINANCIAL STATEMENTS

DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNITS

Discretely presented component units are entities which are legally separate from the City, but for which the City is financially accountable, or its relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete.

Downtown Development Authority - The Authority was established for the purpose of maintaining and renovating the downtown Port Huron area and collecting property tax revenues restricted for that purpose. The operating activities of the Authority are accounted for as governmental - type funds with each plan reported as a special revenue fund.

Tax Increment Finance Authority - The Authority is used for the maintaining and renovating of the City's Industrial Park and other areas outside the Downtown Development District/Authority through the collection of property tax revenues restricted for these purposes. The operating activities of the Authority are accounted for as governmental - type funds with each plan reported as a specific revenue fund.

Local Development Finance Authority - The financing of public facilities and general infrastructure needs for specific project districts through the collection of property tax revenues restricted for these purposes is accomplished through this Authority. The operating activities of the Authority are accounted for as a governmental - type fund with the single plan reported as a special revenue fund.

Brownfield Redevelopment Authority - The Authority is used to finance remediation, removal and redevelopment of formerly contaminated properties for beneficial uses. The Authority is authorized to collect property tax revenues restricted for these purposes. The operating activities of the Authority are accounted for as a governmental - type fund with the single plan reported as a special revenue fund.

**DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNITS -
TAX INCREMENT AUTHORITIES - COMBINING BALANCE SHEET SCHEDULE**
June 30, 2006

EXHIBIT G

	Special Revenue Funds				Totals
	Downtown Development	Tax Increment Finance	Local Development Finance	Brownfield Redevelopment	
ASSETS					
Cash and cash equivalents	\$ 299,546	\$ 1,254,624	\$	\$ 430	\$ 1,554,600
Receivables	3,124	6,565			9,689
Total Assets	<u>\$ 302,670</u>	<u>\$ 1,261,189</u>	<u>\$ 0</u>	<u>\$ 430</u>	<u>\$ 1,564,289</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 90	\$ 4,828	\$	\$	\$ 4,918
Contracts payable	82,402				82,402
Total Liabilities	<u>82,492</u>	<u>4,828</u>			<u>87,320</u>
Fund balances:					
Unreserved:					
Designated for subsequent years' expenditures	217,203	351,052			568,255
Undesignated	2,975	905,309		430	908,714
Total Fund Balances	<u>220,178</u>	<u>1,256,361</u>		<u>430</u>	<u>1,476,969</u>
Total Liabilities and Fund Balances	<u>\$ 302,670</u>	<u>\$ 1,261,189</u>	<u>\$ 0</u>	<u>\$ 430</u>	<u>\$ 1,564,289</u>

City of Port Huron

DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNITS - TAX INCREMENT AUTHORITIES-
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended June 30, 2006

EXHIBIT G-1

	Special Revenue Funds				Totals
	Downtown Development	Tax Increment Finance	Local Development Finance	Brownfield Redevelopment	
Revenues:					
Taxes	\$ 1,087,972	\$ 2,785,473	\$ 226,346	\$ 382,949	\$ 4,482,740
State shared revenues	4,011				4,011
Other revenue	1,000				1,000
Total Revenues	<u>1,092,983</u>	<u>2,785,473</u>	<u>226,346</u>	<u>382,949</u>	<u>4,487,751</u>
Expenditures:					
Current:					
Taxes disbursed - not captured		2,585,101			2,585,101
General support services	78,864	80,000	41,267	382,551	582,682
Capital outlay	286,122	13,432			299,554
Total Expenditures	<u>364,986</u>	<u>2,678,533</u>	<u>41,267</u>	<u>382,551</u>	<u>3,467,337</u>
Revenues over (under) Expenditures	<u>727,997</u>	<u>106,940</u>	<u>185,079</u>	<u>398</u>	<u>1,020,414</u>
Other financing sources (uses):					
Transfers in:					
Primary government	94,228				94,228
Transfers out:					
Primary government	(845,747)	(200,002)	(185,079)		(1,230,828)
	<u>(751,519)</u>	<u>(200,002)</u>	<u>(185,079)</u>		<u>(1,136,600)</u>
Net Change in Fund Balances	(23,522)	(93,062)		398	(116,186)
Fund balances at beginning of year	<u>243,700</u>	<u>1,349,423</u>		<u>32</u>	<u>1,593,155</u>
FUND BALANCES AT END OF YEAR	<u>\$ 220,178</u>	<u>\$ 1,256,361</u>	<u>\$ 0</u>	<u>\$ 430</u>	<u>\$ 1,476,969</u>

DOWNTOWN DEVELOPMENT AUTHORITY - BALANCE SHEET SCHEDULE

June 30, 2006

EXHIBIT G-2

				Special Revenue Edison Redevelopment Area
	Operating	Harrington Hotel	Bank	
ASSETS				
Cash and cash equivalents	\$ 30,578	\$ 71,850	\$ 114,626	\$ 90
Receivables	547			
Total Assets	<u>\$ 31,125</u>	<u>\$ 71,850</u>	<u>\$ 114,626</u>	<u>\$ 90</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$	\$	\$	\$ 90
Contracts payable				
Total Liabilities				<u>90</u>
Fund balances:				
Unreserved:				
Designated for subsequent years'				
expenditures	30,000	70,000	114,626	
Undesignated	<u>1,125</u>	<u>1,850</u>		
Total Fund Balances	<u>31,125</u>	<u>71,850</u>	<u>114,626</u>	
Total Liabilities and Fund Balances	<u>\$ 31,125</u>	<u>\$ 71,850</u>	<u>\$ 114,626</u>	<u>\$ 90</u>

Funds

<u>Mainstreet</u>	<u>Water Street</u>	<u>Totals</u>
\$ 82,402	\$	\$ 299,546
2,577		3,124
<u>\$ 84,979</u>	<u>\$ 0</u>	<u>\$ 302,670</u>
\$ 82,402	\$	\$ 90
82,402		82,402
<u>82,402</u>		<u>82,492</u>
2,577		217,203
		2,975
<u>2,577</u>		<u>220,178</u>
<u>\$ 84,979</u>	<u>\$ 0</u>	<u>\$ 302,670</u>

**DOWNTOWN DEVELOPMENT AUTHORITY - SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES - SPECIAL REVENUE FUNDS**

Year Ended June 30, 2006

EXHIBIT G-3

	Operating	Harrington Hotel	Bank	Edison Redevelopment Area
Revenues:				
Taxes	\$ 88,010	\$ 21,522	\$ 43,210	\$ 508,641
State shared revenues	4,011			
Other revenue				
Total Revenues	<u>92,021</u>	<u>21,522</u>	<u>43,210</u>	<u>508,641</u>
Expenditures:				
Current:				
General support services	75,251			
Capital outlay		2,428		4,789
Total Expenditures	<u>75,251</u>	<u>2,428</u>		<u>4,789</u>
Revenues over (under) Expenditures	<u>16,770</u>	<u>19,094</u>	<u>43,210</u>	<u>503,852</u>
Other financing sources (uses):				
Transfers in:				
Primary government				
Transfers out:				
Primary government				(503,852)
				<u>(503,852)</u>
Net Change in Fund Balances	16,770	19,094	43,210	
Fund balances at beginning of year	<u>14,355</u>	<u>52,756</u>	<u>71,416</u>	
FUND BALANCES AT END OF YEAR	<u>\$ 31,125</u>	<u>\$ 71,850</u>	<u>\$ 114,626</u>	<u>\$ 0</u>

<u>Mainstreet</u>	<u>Water Street</u>	<u>Totals</u>
\$ 54,582	\$ 372,007	\$ 1,087,972
		4,011
1,000		1,000
<u>55,582</u>	<u>372,007</u>	<u>1,092,983</u>
3,613		78,864
248,793	30,112	286,122
<u>252,406</u>	<u>30,112</u>	<u>364,986</u>
(196,824)	341,895	727,997
94,228		94,228
	(341,895)	(845,747)
<u>94,228</u>	<u>(341,895)</u>	<u>(751,519)</u>
(102,596)		(23,522)
<u>105,173</u>		<u>243,700</u>
<u>\$ 2,577</u>	<u>\$ 0</u>	<u>\$ 220,178</u>

TAX INCREMENT FINANCE AUTHORITY - BALANCE SHEET SCHEDULE

June 30, 2006

EXHIBIT G-4

ASSETS	Special Revenue Funds				Totals
	Industrial Park	Paper Company	Krafft Holland	Peerless Site	
Cash and cash equivalents	\$ 937,306	\$ 196,266	\$ 121,052	\$	\$ 1,254,624
Receivables	6,565				6,565
Total Assets	<u>\$ 943,871</u>	<u>\$ 196,266</u>	<u>\$ 121,052</u>	<u>\$ 0</u>	<u>\$ 1,261,189</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$	\$ 4,828	\$	\$	\$ 4,828
Total Liabilities		<u>4,828</u>			<u>4,828</u>
Fund balances:					
Unreserved:					
Designated for subsequent years' expenditures	230,000		121,052		351,052
Undesignated	713,871	191,438			905,309
Total Fund Balances	<u>943,871</u>	<u>191,438</u>	<u>121,052</u>		<u>1,256,361</u>
Total Liabilities and Fund Balances	<u>\$ 943,871</u>	<u>\$ 196,266</u>	<u>\$ 121,052</u>	<u>\$ 0</u>	<u>\$ 1,261,189</u>

City of Port Huron

**TAX INCREMENT FINANCE AUTHORITY - SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES - SPECIAL REVENUE FUNDS**
Year Ended June 30, 2006

EXHIBIT G-5

	Industrial Park	Paper Company	Krafft Holland	Peerless Site	Totals
Revenues:					
Taxes	\$ 1,475,052	\$ 545,416	\$ 564,633	\$ 200,372	\$ 2,785,473
Expenditures:					
Current:					
Taxes disbursed - not captured	1,475,052	545,416	564,633		2,585,101
General support services	80,000				80,000
Capital outlay	3,241	9,821		370	13,432
Total Expenditures	<u>1,558,293</u>	<u>555,237</u>	<u>564,633</u>	<u>370</u>	<u>2,678,533</u>
Revenues over (under)					
Expenditures	(83,241)	(9,821)		200,002	106,940
Other financing sources (uses):					
Transfers out - primary government				(200,002)	(200,002)
Net Change in Fund Balances	(83,241)	(9,821)			(93,062)
Fund balances at beginning of year	<u>1,027,112</u>	<u>201,259</u>	<u>121,052</u>		<u>1,349,423</u>
FUND BALANCES AT END OF YEAR	<u>\$ 943,871</u>	<u>\$ 191,438</u>	<u>\$ 121,052</u>	<u>\$ 0</u>	<u>\$ 1,256,361</u>

STATISTICAL SECTION

This part of the City of Port Huron's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends - These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

- Net Assets by Component
- Changes in Net Assets
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds

Revenue Capacity - These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

- Taxable, Assessed and Equalized and Estimated Actual Valuation of Property
- Principal Property Taxpayers
- Direct and Overlapping Property Tax Rates
- Property Tax Levies and Collections
- Tax Information

Debt Capacity - These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

- Ratios of Outstanding Debt by Type
- Direct and Overlapping Debt
- Computation of Legal Debt Margin
- Legal Debt Margin
- Revenue Bond Coverage

Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

- Demographic and Economic Statistics
- Principal Employers

Operation Information - These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

- Full-time Equivalent Government Employees
- Operating Indicators
- Capital Asset Statistics
- Public Works Projects - Completed Projects
- Public Works Projects - Current Year Projects

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year and the records of the City of Port Huron.

City of Port Huron

NET ASSETS BY COMPONENT
Last Four Fiscal Years

	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>June 30, 2005</u>	<u>June 30, 2006</u>
Governmental Activities:				
Invested in capital assets, net of related debt	\$ 35,485,109	\$ 36,615,040	\$ 36,890,140	\$ 37,917,205
Restricted	6,351,281	7,393,013	8,045,437	8,395,407
Unrestricted	17,062,698	17,712,746	18,754,236	20,930,937
Total Net Assets	<u>58,899,088</u>	<u>61,720,799</u>	<u>63,689,813</u>	<u>67,243,549</u>
Business Type Activities:				
Invested in capital assets, net of related debt	68,361,930	62,588,215	63,399,007	62,988,238
Restricted	1,136,532	1,134,111	1,148,328	1,135,607
Unrestricted	19,706,169	24,194,007	21,773,795	19,979,887
Total Net Assets	<u>89,204,631</u>	<u>87,916,333</u>	<u>86,321,130</u>	<u>84,103,732</u>
Total Primary Government:				
Invested in capital assets, net of related debt	103,847,039	99,203,255	100,289,147	100,905,443
Restricted	7,487,813	8,527,124	9,193,765	9,531,014
Unrestricted	36,768,867	41,906,753	40,528,031	40,910,824
TOTAL NET ASSETS	<u>\$ 148,103,719</u>	<u>\$ 149,637,132</u>	<u>\$ 150,010,943</u>	<u>\$ 151,347,281</u>

City of Port Huron

CHANGES IN NET ASSETS
Last Four Fiscal Years

	Year Ended June 30, 2003	Year Ended June 30, 2004	Year Ended June 30, 2005	Year Ended June 30, 2006
Expenses:				
Governmental activities:				
General government	\$ 4,077,747	\$ 4,145,608	\$ 4,337,928	\$ 4,352,715
Public safety	11,838,334	12,111,816	12,370,766	12,870,592
Public works	7,675,927	7,517,051	8,089,009	8,033,049
Health and welfare	62,125	13,717	13,895	18,171
Community and economic development	2,305,879	2,706,277	2,524,509	2,111,966
Recreation, parks and culture	2,669,962	2,560,247	2,758,417	2,922,958
Total Governmental Activities Expenses	<u>28,629,974</u>	<u>29,054,716</u>	<u>30,094,524</u>	<u>30,309,451</u>
Business-type activities:				
Water	5,039,293	5,565,328	5,592,090	6,143,152
Wastewater	10,753,669	11,254,069	11,504,952	12,852,702
Land purchase	1,202,243	524,826	453,972	833,578
Parking	164,866	164,456	191,747	202,593
Senior citizens	698,169	726,037	749,544	866,645
Marina	833,789	896,597	942,724	1,004,366
Total Business-Type Activities Expenses	<u>18,692,029</u>	<u>19,131,313</u>	<u>19,435,029</u>	<u>21,903,036</u>
Total Primary Government Expenses	<u>47,322,003</u>	<u>48,186,029</u>	<u>49,529,553</u>	<u>52,212,487</u>
Program Revenues:				
Governmental activities:				
Charges for services:				
General government	1,884,026	1,965,093	2,173,930	2,407,797
Public safety	640,868	591,887	565,830	825,494
Public works	228,617	267,017	240,756	263,250
Community and economic development	438,047	545,298	611,872	762,589
Recreation, parks and culture	99,163	116,133	168,378	123,254
Operating grants and contributions:				
Public safety	18,051	83,514	151,174	63,337
Public works	2,519,350	2,708,865	2,684,859	2,586,679
Community and economic development	1,617,573	1,995,861	1,597,341	1,166,245
Capital grants and contributions:				
Public safety	71,578	122,275	485,064	1,323,802
Public works	1,240,875	2,400,034	934,408	836,753
Recreation, parks and culture	130,058	109,276	116,837	125,626
Total Governmental Activities Program Revenues	<u>8,888,206</u>	<u>10,905,253</u>	<u>9,730,449</u>	<u>10,484,826</u>

(Continued on next page)

City of Port Huron

CHANGES IN NET ASSETS
Last Four Fiscal Years

	Year Ended June 30, 2003	Year Ended June 30, 2004	Year Ended June 30, 2005	Year Ended June 30, 2006
Business-type activities:				
Charges for services:				
Water	\$ 4,704,166	\$ 4,859,803	\$ 5,237,462	\$ 5,542,397
Wastewater	7,962,142	7,854,913	8,415,350	8,783,025
Land purchase	227,598	263,316	211,643	251,600
Parking	195,697	206,962	215,617	187,623
Senior citizens	314,687	328,272	368,805	375,771
Marina	462,180	576,132	604,697	561,154
Operating grants and contributions:				
Land purchase	1,276,947	1,218,769	1,059,947	1,230,828
Senior citizens	475,626	467,910	450,619	456,525
Capital grants and contributions:				
Water	149,480	53,760	217	
Wastewater	1,398,124	1,126,701	250,816	779,138
Land purchase		114,385	39,705	405,910
Marina	20,962			
Total Business-Type Activities Program Revenues	<u>17,187,609</u>	<u>17,070,923</u>	<u>16,854,878</u>	<u>18,573,971</u>
Total Primary Government Program Revenues	<u>26,075,815</u>	<u>27,976,176</u>	<u>26,585,327</u>	<u>29,058,797</u>
Net (expense)/revenue:				
Governmental activities	(19,741,768)	(18,149,463)	(20,364,075)	(19,824,625)
Business-type activities	(1,504,420)	(2,060,390)	(2,580,151)	(3,329,065)
Total Primary Government Net Expense	<u>(21,246,188)</u>	<u>(20,209,853)</u>	<u>(22,944,226)</u>	<u>(23,153,690)</u>
General revenues and other changes in net assets:				
Governmental activities:				
Property taxes	10,524,978	10,841,995	11,453,590	11,863,700
Income tax	5,551,093	5,555,182	5,955,633	6,142,537
Unrestricted state-shared revenues	4,674,395	4,220,535	4,134,528	4,101,722
Unrestricted investment income	705,669	581,626	953,716	1,209,797
Gain on sale of capital assets	77,703	3,642	27,691	4,074
Unrestricted cable fees and other income	283,992	308,194	307,931	306,531
Transfers		(540,000)	(500,000)	(250,000)
Total Governmental Activities	<u>21,817,830</u>	<u>20,971,174</u>	<u>22,333,089</u>	<u>23,378,361</u>
Business-type activities:				
Unrestricted investment income	379,296	232,092	431,755	851,667
Gain on sale of capital assets	1,388,014		2,689	
Other income	1,000		50,504	10,000
Transfers		540,000	500,000	250,000
Total Business-Type Activities	<u>1,768,310</u>	<u>772,092</u>	<u>984,948</u>	<u>1,111,667</u>
Total Primary Government	<u>23,586,140</u>	<u>21,743,266</u>	<u>23,318,037</u>	<u>24,490,028</u>
Change in net assets:				
Governmental activities	2,076,062	2,821,711	1,969,014	3,553,736
Business-type activities	263,890	(1,288,298)	(1,595,203)	(2,217,398)
TOTAL PRIMARY GOVERNMENT	<u>\$ 2,339,952</u>	<u>\$ 1,533,413</u>	<u>\$ 373,811</u>	<u>\$ 1,336,338</u>

City of Port Huron

FUND BALANCES OF GOVERNMENTAL FUNDS
Last Four Fiscal Years

	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006
General fund:				
Reserved	\$ 6,165	\$ 4,227	\$ 5,866	\$ 5,728
Unreserved	3,241,893	3,631,421	3,823,280	3,895,856
Total General Fund	<u>3,248,058</u>	<u>3,635,648</u>	<u>3,829,146</u>	<u>3,901,584</u>
All other governmental funds:				
Reserved	5,181,238	5,294,601	5,423,208	5,393,331
Unreserved, reported in:				
Special revenue funds	7,612,986	8,609,145	9,225,452	9,813,947
Permanent funds	117,904	119,519	121,685	120,772
Total All Other Governmental Funds	<u>12,912,128</u>	<u>14,023,265</u>	<u>14,770,345</u>	<u>15,328,050</u>
TOTAL ALL GOVERNMENTAL FUNDS	<u>\$ 16,160,186</u>	<u>\$ 17,658,913</u>	<u>\$ 18,599,491</u>	<u>\$ 19,229,634</u>

City of Port Huron

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Four Fiscal Years

	Year Ended June 30, 2003	Year Ended June 30, 2004	Year Ended June 30, 2005	Year Ended June 30, 2006
Revenues:				
Taxes:				
Property taxes:				
General fund	\$ 7,146,695	\$ 7,367,483	\$ 7,782,286	\$ 8,049,963
Municipal streets fund:				
Streets millage	1,231,961	1,271,297	1,350,942	1,401,182
BWATC millage	400,469	401,666	417,181	438,891
Rubbish and garbage collection fund	1,745,853	1,801,549	1,903,181	1,973,664
Total	10,524,978	10,841,995	11,453,590	11,863,700
Income taxes	5,551,093	5,555,182	5,955,633	6,142,537
Total Taxes	16,076,071	16,397,177	17,409,223	18,006,237
Licenses and permits	517,234	630,550	608,278	764,635
Grants	2,489,073	3,385,654	3,145,132	3,418,137
State shared revenues	7,006,800	7,028,268	6,839,326	6,689,794
Charges for services	1,119,517	1,196,962	1,280,043	1,533,599
Fines and forfeits	251,427	208,089	209,910	203,515
Contributions	257,179	51,033		
Investment income	597,181	493,857	791,134	822,544
Rents	184,291	184,172	214,062	240,776
Sale of property	57,279	3,642	14,378	1,044
Administrative charges	1,292,306	1,377,851	1,487,565	1,616,251
Total Revenues	29,848,358	30,957,255	31,999,051	33,296,532
Expenditures:				
Current:				
General government	3,033,866	3,067,793	3,337,326	3,691,208
Public safety	11,905,176	12,042,431	12,949,822	13,750,871
Public works	6,028,658	5,658,525	6,209,151	6,517,340
Senior citizens	62,125	13,717	13,895	18,171
Recreation, parks and culture	2,660,764	2,465,518	2,709,954	2,916,950
General support services	1,507,001	1,379,209	1,446,623	1,365,483
Capital outlay	3,555,075	4,291,335	3,841,702	4,156,366
Total Expenditures	28,752,665	28,918,528	30,508,473	32,416,389
Revenues over (under) Expenditures	1,095,693	2,038,727	1,490,578	880,143
Other financing sources (uses):				
Transfers in	1,845,287	1,476,726	1,709,889	2,004,731
Transfers out	(2,145,287)	(2,016,726)	(2,259,889)	(2,254,731)
	(300,000)	(540,000)	(550,000)	(250,000)
NET CHANGE IN FUND BALANCES	\$ 795,693	\$ 1,498,727	\$ 940,578	\$ 630,143

City of Port Huron

TAXABLE, ASSESSED AND EQUALIZED AND ESTIMATED ACTUAL VALUATION OF PROPERTY
Last Ten Fiscal Years and Succeeding Year

TAXABLE VALUATION OF PROPERTY

AD VALOREM ASSESSMENT ROLL

	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total Real Property</u>	<u>Personal Property</u>	<u>Total Ad Valorem</u>
1996-1997	\$ 283,332,968	\$ 86,797,081	\$ 27,576,554	\$ 397,706,603	\$ 79,127,550	\$ 476,834,153
1997-1998	298,950,217	89,144,723	31,987,339	420,082,279	85,312,150	505,394,429
1998-1999	314,256,844	89,717,862	33,725,626	437,700,332	97,402,375	535,102,707
1999-2000	326,463,799	92,902,196	35,345,860	454,711,855	104,918,375	559,630,230
2000-2001	339,650,137	95,862,366	37,700,569	473,213,072	105,730,775	578,943,847
2001-2002	360,279,722	99,739,934	39,257,794	499,277,450	116,239,150	615,516,600
2002-2003	386,267,293	98,306,355	43,963,985	528,537,633	116,579,850	645,117,483
2003-2004	400,963,223	104,021,942	47,535,082	552,520,247	111,710,650	664,230,897
2004-2005	419,175,807	110,508,670	47,279,153	576,963,630	107,345,450	684,309,080
2005-2006	439,901,675	127,344,313	47,135,901	614,381,889	116,758,250	731,140,139
2006-2007	462,822,102	133,346,548	48,689,916	644,858,566	111,126,000	755,984,566

ASSESSED AND EQUALIZED VALUATION OF PROPERTY

AD VALOREM ASSESSMENT ROLL

	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total Real Property</u>	<u>Personal Property</u>	<u>Total Ad Valorem</u>
1996-1997	\$ 296,871,050	\$ 89,782,300	\$ 28,295,775	\$ 414,949,125	\$ 79,127,550	\$ 494,076,675
1997-1998	322,552,125	93,745,675	34,049,350	450,347,150	85,312,150	535,659,300
1998-1999	349,896,375	94,065,600	35,309,975	479,271,950	97,402,375	576,674,325
1999-2000	371,889,450	98,883,500	37,832,175	508,605,125	104,918,375	613,523,500
2000-2001	398,934,025	104,662,800	39,989,400	543,586,225	105,730,775	649,317,000
2001-2002	432,681,200	108,995,200	41,096,000	582,772,400	116,239,150	699,011,550
2002-2003	477,830,800	113,452,500	47,771,300	639,054,600	116,579,850	755,634,450
2003-2004	498,550,400	121,163,000	52,161,700	671,875,100	111,710,650	783,585,750
2004-2005	510,041,900	133,193,200	51,574,400	694,809,500	107,345,450	802,154,950
2005-2006	540,571,900	151,284,900	51,988,800	743,845,600	116,758,250	860,603,850
2006-2007	577,001,000	158,720,100	52,679,000	788,400,100	111,126,000	899,526,100

A decision of the Michigan Supreme Court of November 30, 1944, (Cheeseman vs. Dell, 310 Michigan 108) defined the term "assessed valuation" as used in the property tax limitation amendment to the State Constitution to mean "the local assessments, as approved or changed and corrected through the statutory process of County equalization." Based upon this decision, all real and personal property taxes for the fiscal years 1945-1946, through 1953-1954, were levied upon County equalized valuations. Since 1954-1955, pursuant to a Supreme Court decision of November 29, 1954, (Pittsfield School District vs Washtenaw County, 341 Michigan 388) the State equalized valuations have been used.

The assessed and equalized valuation of taxable property is determined as of December 31st of each year and is the basis upon which taxes are levied during the succeeding fiscal year. The passage of Proposal A in May, 1994 altered how tax values are determined. Beginning in the 1995-1996 fiscal year, property taxes are based on taxable value instead of state equalized value. Proposal A also capped taxable value of each parcel of property, adjusted for additions and losses, at the previous year's rate of inflation or 5% whichever is less, until the property is sold or transferred. When ownership of a parcel of property is transferred, the taxable value becomes 50% of true cash value, or the state equalized valuation. The Industrial and Commercial

INDUSTRIAL AND COMMERCIAL FACILITIES ASSESSMENT ROLL

<u>Industrial Real Property</u>	<u>Industrial Personal Property</u>	<u>Commercial Real Property</u>	<u>Total IFT and CFT</u>	<u>Total Taxable Valuation</u>	<u>Taxable Value as a Percent Actual</u>
\$ 18,174,775	\$ 41,961,400	\$ 346,700	\$ 60,482,875	\$ 537,317,028	48.45%
17,068,200	46,507,350	115,075	63,690,625	569,085,054	47.48
18,397,075	47,332,325		65,729,400	600,832,107	46.76
18,833,575	43,646,875		62,480,450	622,110,680	46.01
17,389,550	39,527,675		56,917,225	635,861,072	45.02
17,889,550	32,475,700		50,365,250	665,881,850	44.43
19,682,550	29,151,850		48,834,400	693,951,883	43.13
16,358,850	25,562,900		41,921,750	706,152,647	42.77
15,372,259	25,319,900		40,692,159	725,001,239	43.00
13,055,376	27,618,000		40,673,376	771,813,515	42.77
12,094,334	26,364,900		38,459,234	794,443,800	42.32

INDUSTRIAL AND COMMERCIAL FACILITIES ASSESSMENT ROLL

<u>Industrial Real Property</u>	<u>Industrial Personal Property</u>	<u>Commercial Real Property</u>	<u>Total IFT and CFT</u>	<u>Total Equalized Valuation</u>	<u>Estimated Actual Value</u>
\$ 18,174,775	\$ 41,961,400	\$ 346,700	\$ 60,482,875	\$ 554,559,550	\$ 1,109,119,100
17,068,200	46,507,350	115,075	63,690,625	599,349,925	1,198,699,850
18,397,075	47,332,325		65,729,400	642,403,725	1,284,807,450
18,833,575	43,646,875		62,480,450	676,003,950	1,352,007,900
17,389,550	39,527,675		56,917,225	706,234,225	1,412,468,450
17,889,550	32,475,700		50,365,250	749,376,800	1,498,753,600
19,682,550	29,151,850		48,834,400	804,468,850	1,608,937,700
16,358,850	25,562,900		41,921,750	825,507,500	1,651,015,000
15,460,600	25,319,900		40,780,500	842,935,450	1,685,870,900
14,102,600	27,618,000		41,720,600	902,324,450	1,804,648,900
12,688,700	26,364,900		39,053,600	938,579,700	1,877,159,400

Facilities Tax Acts permit certain property to be taxed at one-half the tax rate for a period up to twelve years. The City Council has adopted a policy that such abatements will be twelve years for real property and six years for personal property. The ad valorem taxable valuation of \$731,140,139 and the abated taxable valuation of \$40,673,376 as of December 31, 2004 were used as the basis for determining the fiscal 2005-2006 operating taxes.

The State Tax Commission issued new personal property multipliers for the taxable valuation of personal property as of December 31, 1999. Such multipliers represent a significant change in the valuation of personal property resulting in lower valuations and, effective for the 2000-2001 and future fiscal years, reduced personal property tax revenues.

City of Port Huron

PRINCIPAL PROPERTY TAXPAYERS

June 30, 2006

<u>Taxpayer</u>	<u>2006 Ad Valorem Taxable Valuation</u>	<u>2006 Industrial Facilities Taxable Value</u>	<u>2006 Total Taxable Valuation</u>	<u>Percent of Total Taxable Valuation</u>	<u>2006 Rank</u>
Acheson Ventures/ Acheson Foundation	\$ 25,342,481	\$	\$ 25,342,481	3.19%	1
Domtar (E.B. Eddy Paper)	19,580,290	3,286,500	22,866,790	2.88	2
Mueller Brass Company	10,677,586	7,330,500	18,008,086	2.27	3
Collins and Aikman (Textron)	5,477,174	7,529,100	13,006,274	1.64	4
DTE Energy (Detroit Edison)	11,530,468		11,530,468	1.45	5
Acheson Industries	10,659,398		10,659,398	1.34	6
Lear Corporation	7,072,471	1,815,700	8,888,171	1.12	7
H.P. Pelzer	3,387,788	2,635,725	6,023,513	.76	8
General Electric Capital Corp.	5,895,500		5,895,500	.74	9
Plastech (LDM)	5,342,995	237,000	5,579,995	.70	10
SEMCO Energy Company	5,418,178		5,418,178	.68	11
Royal Oak Industries	2,318,600	3,000,200	5,318,800	.67	12
Port Huron Molded Products	4,962,700		4,962,700	.62	13
SMW Automotive	3,203,400	1,346,200	4,549,600	.57	14
Sportrack (Advanced Accessory)	3,893,100		3,893,100	.49	15
Parkview Property Management	3,760,772		3,760,772	.47	16
Innkeepers Management (Edison Inn)	3,685,634		3,685,634	.46	17
Shawmut Mills	1,446,473	2,128,100	3,574,573	.45	18
Black River Plastics	1,376,422	2,165,828	3,542,250	.45	19
Huron Inc.	2,861,125	597,200	3,458,325	.44	20
Blue Water Fiber Co.					
Crown Paper Co.					
Petri, Inc.					
U.S. Manufacturing Company					
Times Herald Co.					
Huron Advanced Technologies					
Citizens First Savings Bank					
Cross Company					
	<u>\$ 137,892,555</u>	<u>\$ 32,072,053</u>	<u>\$ 169,964,608</u>	<u>21.39%</u>	

<u>1997 Total Taxable Valuation</u>	<u>Percent of Total Taxable Valuation</u>	<u>1997 Rank</u>
\$	%	
27,034,825	5.35	1
16,216,250	3.21	2
5,430,453	1.07	9
9,640,074	1.91	5
8,016,592	1.59	6
5,012,367	.99	10
3,268,825	.65	16
2,430,950	.48	19
5,649,284	1.12	8
4,001,607	.79	11
3,344,987	.66	15
3,637,436	.72	13
13,343,351	2.64	3
11,122,863	2.20	4
7,021,774	1.39	7
3,924,600	.78	12
3,533,962	.70	14
2,891,968	.57	17
2,848,125	.56	18
<u>2,419,718</u>	<u>.48</u>	20
<u>\$ 140,790,011</u>	<u>27.86%</u>	

City of Port Huron

DIRECT AND OVERLAPPING PROPERTY TAX RATES
PROPERTY TAX RATES PER \$1,000 TAXABLE VALUATION
Last Ten Fiscal Years

Year	CITY					BWATC
	Operating	Debt Service	Streets	Rubbish and Garbage Collection	Total	Bus Operating
1996-1997	\$ 11.3376		\$ 2.0000	\$ 2.8344	\$ 16.1720	\$.6490
1997-1998	11.3376		2.0000	2.8344	16.1720	.6480
1998-1999	11.3376		2.0000	2.8344	16.1720	.6480
1999-2000	11.3297		1.9986	2.8324	16.1607	.6436
2000-2001	11.3297		1.9986	2.8324	16.1607	.6435
2001-2002	11.3263		1.9980	2.8315	16.1558	.6386
2002-2003	11.2696		1.9880	2.8173	16.0749	.6354
2003-2004	11.2696		1.9880	2.8173	16.0749	.6294
2004-2005	11.2696		2.0000	2.8173	16.0869	.6294
2005-2006	11.2696		2.0000	2.8173	16.0869	.6245

Year	COUNTY					COLLEGE
	St. Clair County	Intermediate School	Special Education	Vocational Education	Total	Operating and Debt
1996-1997	\$ 7.1400	\$.1970	\$ 2.3455	\$.9382	\$ 10.6207	\$ 1.4076
1997-1998	7.1400	.1970	2.3455	.9382	10.6207	1.4076
1998-1999	7.1706	.1970	2.3455	.9382	10.6513	1.4076
1999-2000	7.1564	.1967	2.3415	.9366	10.6312	1.9044
2000-2001	7.1564	.1966	2.3415	.9366	10.6311	1.9043
2001-2002	7.1153	.1955	2.3290	.9316	10.5714	1.8941
2002-2003	7.1048	.1949	2.3228	.9291	10.5516	1.8891
2003-2004	7.1048	.1949	2.3228	.9291	10.5516	1.8891
2004-2005	7.1048	.1949	2.3228	.9291	10.5516	1.8891
2005-2006	7.1018	.1948	2.3225	.9290	10.5481	1.8891

Year	SCHOOL			STATE	GRAND TOTAL	
	Operating	Debt	Total	School Operating	Homestead	Non-Homestead
1996-1997	\$ 18.0000*	\$ 2.0000	\$ 20.0000	\$ 6.0000	\$ 36.8493	\$ 54.8493
1997-1998	18.0000*	2.0000	20.0000	6.0000	36.8483	54.8483
1998-1999	18.0000*	2.0000	20.0000	6.0000	36.8789	54.8789
1999-2000	18.0000*	2.0000	20.0000	6.0000	37.3399	55.3399
2000-2001	18.0000*	2.0000	20.0000	6.0000	37.3396	55.3396
2001-2002	18.0000*	2.0000	20.0000	6.0000	37.2599	55.2599
2002-2003	18.0000*	2.0000	20.0000	6.0000	37.1510	55.1510
2003-2004	18.0000*	2.0000	20.0000	5.0000	36.1450	54.1450
2004-2005	18.0000*	2.0000	20.0000	6.0000	37.1570	55.1570
2005-2006	18.0000*	2.0000	20.0000	6.0000	37.1486	55.1486

Without local voter approval, the City of Port Huron's millage levies are limited to the amounts currently levied (11.2696 mills for operating, 2.00 mills for streets and 2.8173 mills for rubbish and garbage collection).

*Non personal residence property only

City of Port Huron

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percentage of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Ratio of Total Tax Collections To Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes To Total Tax Levy</u>
1996-1997	7,709,779	7,250,760	94.05	489,901 (61,688)	100.40	153,528	1.99
1997-1998	8,170,190	7,688,105	94.10	510,262 (73,553)	100.34	61,367	.75
1998-1999	8,641,067	8,169,499	94.54	495,643 (1,270)	100.28	146,561	1.70
1999-2000	9,030,880	8,535,656	94.52	520,649 (2,049)	100.28	123,842	1.37
2000-2001	9,834,934	9,101,980	92.55	576,579 (151,326)	98.41	157,359	1.60
2001-2002	10,439,950	9,670,106	92.63	596,541 (132,011)	98.34	37,584	.36
2002-2003	10,861,483	10,218,162	94.08	566,204 (209,651)	99.29	25,515	.23
2003-2004	11,081,086	10,379,513	93.67	633,054 (80,207)	99.38	30,416	.27
2004-2005	11,533,367	10,847,759	94.06	770,168 (112,596)	100.73	36,733	.32
2005-2006	12,370,474	11,563,855	93.48	643,688 (89,685)	98.68	128,651	1.04

Includes General, Special Revenue and Debt Service Funds and discretely presented governmental component units.

Bracketed amounts in the Delinquent Tax Collections column represent taxes canceled and reclassified.

City of Port Huron

TAX INFORMATION

TAXES DUE:

July 1st

PAYABLE:

City and School taxes are due and payable July 1st at the office of the City Treasurer.
(County taxes are due and payable December 1st)

PENALTIES

FOR DELINQUENCY:

An addition of one percent (1%) is made on the first day of the second, third, fourth and fifth thirty (30) day period next following the mailing of the tax bills. Commencing March 1st, taxes on real property are collected through the Treasurer of St. Clair County, who adds and retains a collection fee of 4%, and in addition adds interest at the rate of 1% per month or fraction thereof to the date of payment.

LIEN ON PROPERTY:

Unpaid taxes, together with all charges thereon, become a continuing lien on the property assessed. The General Tax Law provides for disposition at public sale of real estate delinquent for taxes as follows:

<u>Date of Sale</u>	<u>Delinquent Tax Properties to be Sold</u>
May, 2009	Year 2006
May, 2010	Year 2007

STATE LAND SALE:

The State Land Office Board Act No. 155, Public Acts of 1937, as amended, created a State agency to dispose of certain land held by the State of Michigan. (The functions of this agency were taken over by the State Department of Natural Resources in 1949.) Unsold taxes offered at the annual County May tax sale are deemed to be "bid in" by the State, which assumes jurisdiction over them. The taxpayer has twelve months from the date of the County May tax sale in which to redeem his property by paying all unpaid taxes and assessments in full, together with all interest, penalties and collection fees at the office of the County Treasurer. "Redemption interest" at the rate of 1% per month from the date of the County May tax sale is charged on those taxes and assessments paid during this redemption period. Taxes "bid in" by the State, which remain unpaid at the expiration of the redemption period, are deeded to the State of Michigan, and outstanding taxes, special assessments, etc. are immediately canceled. Administration of this property is then transferred from the Auditor General to the Department of Natural Resources.

On the first Tuesday in February, following acquisition by the State, these properties are offered at public auction at the statutory State Land Sale (minimum bid - 25% of the assessed valuation for the year preceding vesting of title in the State.) Properties offered but not sold at the State Land Sale may be appraised and again offered for sale by the Department of Natural Resources as they see fit. The proceeds from sales, together with any income from properties while under the jurisdiction of the Department of Natural Resources, are remitted to the taxing subdivisions on the basis of their equities in the properties.

City of Port Huron

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

	June 30, 1997	June 30, 1998	June 30, 1999	June 30, 2000
Direct Bonded Debt:				
Business-type Activities:				
Housing General Obligation Bonds	\$ 1,175,000	\$ 1,000,000	\$ 800,000	\$ 600,000
Water Supply System Revenue Bonds (Limited Tax General Obligation)			9,804,105	9,804,105
Wastewater General Obligation Limited Tax Bonds			7,880,000	7,880,000
State Revolving Fund Wastewater General Obligation Limited Tax Bonds				5,149,961
Drinking Water Revolving Fund Water Supply System General Obligation Limited Tax Bonds				
Total Direct Bonded Debt	<u>\$ 1,175,000</u>	<u>\$ 1,000,000</u>	<u>\$ 18,484,105</u>	<u>\$ 23,434,066</u>
Total Taxable Valuation	\$ 537,317,028	\$ 569,085,054	\$ 600,832,107	\$ 622,110,680
Ratio of Bonded Debt to Taxable Value	0.22%	0.18%	3.08%	3.77%
Population	33,694	33,694	33,694	32,338
Per Capita Direct Bonded Debt	\$ 34.87	\$ 29.68	\$ 548.59	\$ 724.66

Note - During the last ten fiscal years, there has been no governmental activities debt.

<u>June 30, 2001</u>	<u>June 30, 2002</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>June 30, 2005</u>	<u>June 30, 2006</u>
\$ 400,000	\$ 200,000	\$	\$	\$	\$
9,563,914	9,273,708	8,933,502	11,667,882	11,238,740	10,754,609
7,686,000	17,392,003	17,148,003	22,033,775	21,298,738	26,891,480
15,316,626	24,135,518	30,851,191	38,741,738	42,954,918	44,302,998
	5,542,099	10,305,341	13,049,520	16,526,916	20,046,128
<u>\$ 32,966,540</u>	<u>\$ 56,543,328</u>	<u>\$ 67,238,037</u>	<u>\$ 85,492,915</u>	<u>\$ 92,019,312</u>	<u>\$ 101,995,215</u>
\$ 635,861,072	\$ 665,881,850	\$ 693,951,853	\$ 706,152,647	\$ 725,001,239	\$ 771,813,515
5.18%	8.49%	9.69%	12.11%	12.69%	13.22%
32,338	32,338	32,338	32,338	32,338	32,338
\$ 1,019.44	\$ 1,748.51	\$ 2,079.23	\$ 2,643.73	\$ 2,845.55	\$ 3,154.04

City of Port Huron

DIRECT AND OVERLAPPING BONDED DEBT

June 30, 2006

DIRECT BONDED DEBT:

Water Supply System Revenue Bonds (Limited Tax General Obligation)	\$ 10,754,609
Wastewater General Obligation Limited Tax Bonds	26,891,480
State Revolving Fund Wastewater General Obligation Limited Tax Bonds	44,302,998
Drinking Water Revolving Fund Water Supply System General Obligation Limited Tax Bonds	<u>20,046,128</u>
Total Direct Bonded Debt	101,995,215

Less self-supporting general obligation bonds

Water Supply System Revenue Bonds (Limited Tax General Obligation)	\$ 10,754,609	
Wastewater General Obligation Limited Tax Bonds	26,891,480	
State Revolving Fund Wastewater General Obligation Limited Tax Bonds	44,302,998	
Drinking Water Revolving Fund Water Supply System General Obligation Limited Tax Bonds	<u>20,046,128</u>	<u>101,995,215</u>

Net Direct Bonded Debt 0

OVERLAPPING BONDED DEBT:

13.20% of St. Clair County Regional Educational Service Agency debt	944,460	
13.30% of St. Clair County Community College debt	611,135	
12.46% of St. Clair County debt	5,180,245	
39.69% of Port Huron Area School District debt	<u>11,256,084</u>	
Overlapping Bonded Debt		<u>17,991,924</u>

NET DIRECT AND OVERLAPPING BONDED DEBT \$ 17,991,924

	Per Capita Bonded Debt	Ratio of Bonded Debt to State Equalized Value
Net Direct Bonded Debt	\$.00	.00%
Net Direct and Overlapping Bonded Debt	\$ 556.37	2.09%

City of Port Huron

COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2006

STATE EQUALIZED VALUATION AT DECEMBER 31, 2005

\$ 899,526,100

	Actual Net Debt	Percentage of State Equalized Valuation	Legal Margin Amount	Legal Debt Margin Totals
General obligation debt	\$ 91,240,606			
Portion issued under order	<u>71,194,478</u>			
Balance	<u>\$ 20,046,128</u>	10%	<u>\$ 89,952,610</u>	<u>\$ 69,906,482</u>
Emergency bonds	None	3/8 of 1%	<u>\$ 3,373,223</u>	<u>\$ 3,373,223</u>
Special assessment bonds	None	12	<u>\$ 107,943,132</u>	<u>\$ 107,943,132</u>

The statutory debt limit of net bonded indebtedness incurred for all public purposes shall not at any one time exceed 10% of the State equalized valuation of property in the City (\$899,526,100), except that this limit may be exceeded by 3/8ths of 1% in case of fire, flood or other calamity. This limitation does not include bonds issued in anticipation of the payment of special assessments, nor bonds issued pursuant to court order.

The Michigan State Bond Act provides that the total debt in special assessment bonds, which would require that the City pledge its faith and credit, shall not exceed 12% of the state equalized valuation of property of the City, nor shall such bonds be issued in any calendar year in excess of 3% unless voted.

As described in the schedule of Assessed and Equalized Valuation of Taxable Property the State taxable valuation at December 31, 2005 of \$755,984,566 will be used as a basis for determining the fiscal 2006-2007 operating taxes.

City of Port Huron

LEGAL DEBT MARGIN
Last Ten Fiscal Years

	<u>June 30, 1997</u>	<u>June 30, 1998</u>	<u>June 30, 1999</u>	<u>June 30, 2000</u>
Direct Bonded Debt:				
Housing General Obligation Bonds	\$ 1,175,000	\$ 1,000,000	\$ 800,000	\$ 600,000
Water Supply System Revenue Bonds (Limited Tax General Obligation)			9,804,105	9,804,105
Wastewater General Obligation Limited Tax Bonds			7,880,000	7,880,000
State Revolving Fund Wastewater General Obligation Limited Tax Bonds				5,149,961
Drinking Water Revolving Fund Water Supply System General Obligation Limited Tax Bonds				
Total Direct Bonded Debt	<u>\$ 1,175,000</u>	<u>\$ 1,000,000</u>	<u>\$ 18,484,105</u>	<u>\$ 23,434,066</u>
Less self-supporting revenue bonds:				
Water Supply System Revenue Bonds (Limited Tax General Obligation)	\$	\$	\$ 9,804,105	\$ 9,804,105
Less portion issued under an order:				
Wastewater General Obligation Limited Tax Bonds			7,880,000	7,880,000
State Revolving Fund Wastewater General Obligation Limited Tax Bonds				5,149,961
Total Excluded	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 17,684,105</u>	<u>\$ 22,834,066</u>
Net debt applicable to limit	\$ 1,175,000	\$ 1,000,000	\$ 800,000	\$ 600,000
Debt limit	<u>53,565,930</u>	<u>57,667,433</u>	<u>61,352,350</u>	<u>64,931,700</u>
Legal debt margin	<u>\$ 52,390,930</u>	<u>\$ 56,667,433</u>	<u>\$ 60,552,350</u>	<u>\$ 64,331,700</u>
Total net debt applicable to the limit as a percentage of debt limit.	2.19%	1.73%	1.30%	.92%

<u>June 30, 2001</u>	<u>June 30, 2002</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>June 30, 2005</u>	<u>June 30, 2006</u>
\$ 400,000	\$ 200,000	\$	\$	\$	\$
9,563,914	9,273,708	8,933,502	11,667,882	11,238,740	10,754,609
7,686,000	17,392,003	17,148,003	22,033,775	21,298,738	26,891,480
15,316,626	24,135,518	30,851,191	38,741,738	42,954,918	44,302,998
	5,542,099	10,305,341	13,049,520	16,526,916	20,046,128
<u>\$ 32,966,540</u>	<u>\$ 56,543,328</u>	<u>\$ 67,238,037</u>	<u>\$ 85,492,915</u>	<u>\$ 92,019,312</u>	<u>\$ 101,995,215</u>
\$ 9,563,914	\$ 9,273,708	\$ 8,933,502	\$ 11,667,882	\$ 11,238,740	\$ 10,754,609
7,686,000	17,392,003	17,148,003	22,033,775	21,298,738	26,891,480
15,316,626	24,135,518	30,851,191	38,741,738	42,954,918	44,302,998
<u>\$ 32,566,540</u>	<u>\$ 50,801,229</u>	<u>\$ 56,932,696</u>	<u>\$ 72,443,395</u>	<u>\$ 75,492,396</u>	<u>\$ 81,949,087</u>
\$ 400,000	\$ 5,742,099	\$ 10,305,341	\$ 13,049,520	\$ 16,526,916	\$ 20,046,128
69,901,155	75,563,445	78,358,575	80,215,495	86,060,385	89,952,610
<u>\$ 69,501,155</u>	<u>\$ 69,821,346</u>	<u>\$ 68,053,234</u>	<u>\$ 67,165,975</u>	<u>\$ 69,533,469</u>	<u>\$ 69,906,482</u>
.57%	7.60%	13.15%	16.27%	19.20%	22.29%

City of Port Huron

REVENUE BOND COVERAGE
Last Ten Fiscal Years

WATER SUPPLY SYSTEM

Fiscal Year	Gross Revenue	Expenses and Operating Transfers	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1996-1997	\$ 3,684,184	\$ 2,929,297	\$ 754,887	\$ 0	\$ 0	\$ 0	N/A
1997-1998	4,029,515	2,821,978	1,207,537	0	0	0	N/A
1998-1999	4,647,232	2,943,192	1,704,040	0	9,299	9,299	183.25
1999-2000	4,870,844	3,124,444	1,746,400	0	488,040	488,040	3.58
2000-2001	4,503,395	3,042,711	1,460,684	240,191	482,359	722,550	2.02
2001-2002	4,389,115	2,998,948	1,390,167	290,206	471,825	762,031	1.82
2002-2003	4,766,682	3,297,304	1,469,378	340,206	458,642	798,848	1.84
2003-2004	4,903,517	3,411,898	1,491,619	340,206	487,045	827,251	1.80
2004-2005	5,360,824	3,518,428	1,842,396	429,142	553,021	982,163	1.88
2005-2006	5,816,441	3,852,901	1,963,540	484,131	535,744	1,019,875	1.93

Gross revenues includes operating and nonoperating revenues.

City of Port Huron

DEMOGRAPHIC AND ECONOMIC STATISTICS

<u>Area:</u>	8.00 square miles (5,120 acres)		
<u>Form of Government:</u>	Council-Manager (Since April 7, 1941)		
<u>Present Charter:</u>	Adopted April 7, 1969 (effective April 18, 1969)		
<u>Fiscal Year Begins:</u>	July 1		
<u>City Employees:</u>	303 regular, 246 seasonal, summer and fall programs		
<u>Fire Protection:</u>	3 stations, 49 fire fighting personnel, 2-way radio equipment		
<u>Police Protection:</u>	1 station, 51 police officers, 2-way radio equipment		
<u>Streets:</u>	142.29 miles improved 2.38 miles unimproved		
<u>Population:</u>	Official U.S. Census	1850 (village)	1,584
		1860 (city)	4,371
		1870	5,973
		1880	8,883
		1890	13,543
		1900	19,158
		1910	18,863
		1920	25,944
		1930	31,361
		1940	32,759
		1950	35,725
		1960	36,084
		1970	35,794
		1980	33,934
		1990	33,694
		2000	32,338
<u>Unemployment:</u>	State of Michigan	June 30, 1997	8.0%
		1998	6.3%
		1999	6.2%
		2000	6.0%
		2001	8.6%
		2002	10.3%
		2003	11.8%
		2004	10.6%
		2005	11.3%
		2006	9.9%

Statistical Information From the 2000 U.S. Census:

Total population	32,338	
In-labor force	15,762	
Median household income - 1999 dollars	\$31,327	
Per capita income - 1999 dollars	\$17,100	
Housing units	14,003	
Occupied housing units	12,961	92.6%
Owner-occupied housing units	7,409	57.2%
Renter-occupied housing units	5,552	42.8%
Vacant housing units	1,042	7.4%

Note: Personal income by individual year for residents is not available.

City of Port Huron

PRINCIPAL EMPLOYERS
June 30, 2006

<u>Firm Name</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>	<u>Percentage of Labor Force</u>
Port Huron Hospital	Health care services	1,000	6.3
*Port Huron Area School District	Public education	750	4.8
Mercy Hospital	Health care services	650	4.1
AT&T	Telephone service (call center)	600	3.8
Collins & Aikman	Interior automotive trim	500	3.2
St. Clair County Community College	Education	450	2.9
*St. Clair County	Public government	400	2.5
Mueller Brass Co.	Copper & brass tubing	400	2.5
City of Port Huron	Public government	303	1.9
Domtar Industries, Inc.	Lightweight, publ., pkg., spec. pprs.	300	1.9

* Approximately one half of entity's total employees are located within the City of Port Huron

Source: Official Statement prepared by Bendzinski & Co.

Note: Data from nine years earlier is not available.

City of Port Huron

FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES
Last Ten Fiscal Years

Function/Program	June 30, 1997	June 30, 1998	June 30, 1999
General government:			
City manager	3.00	3.00	3.00
City attorney	3.00	3.00	3.00
City clerk/elections	3.00	3.00	3.00
Finance/purchasing	6.00	6.00	6.00
Income tax	2.00	2.00	2.00
Assessing	4.50	5.00	5.00
City treasurer/water office	5.00	5.50	5.50
Data processing	7.00	7.00	7.00
Personnel	2.75	2.75	3.00
Health and safety/marinas	1.50	1.50	1.00
Public safety:			
Police	71.00	72.00	72.00
Fire	55.70	54.70	54.70
Public works:			
DPW administration	1.80	1.00	1.00
MOC grounds	2.00	2.00	2.00
Engineering	6.00	6.00	6.00
Streets	22.20	22.00	22.00
Refuse collection/disposal	0.125	0.125	0.125
Motor vehicle pool	10.875	11.875	11.875
Water filtration plant	12.75	12.75	12.75
Utilities - water distribution	9.50	9.50	9.50
Water meter	4.25	4.25	4.25
Water reclamation facility	27.50	27.50	28.25
Utilities - sewer collection	10.00	10.00	8.25
Community and economic development	15.00	16.00	16.50
Recreation, parks and culture:			
Recreation	7.25	6.25	6.00
Cemetery	5.00	5.00	5.00
Parking	1.00	1.00	1.00
Parks and forestry	14.30	15.30	15.30
	<u>314.00</u>	<u>316.00</u>	<u>315.00</u>

June 30, 2000	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006
3.00	2.00	2.00	3.00	2.00	2.00	2.00
3.00	3.00	2.00	2.00	2.00	2.00	2.00
3.00	3.00	3.00	3.00	3.00	3.00	3.00
7.00	7.00	7.00	7.00	7.00	7.00	7.00
3.00	3.00	3.00	3.00	3.00	3.00	3.00
4.00	4.00	4.00	5.00	5.00	5.00	5.00
5.80	5.80	5.80	5.80	4.91	4.91	4.91
7.00	7.00	7.00	7.00	6.00	6.00	6.00
3.00	3.00	3.25	3.25	2.90	2.90	2.90
0.70	1.70	1.95	1.95	1.50	1.50	1.50
72.00	72.00	73.00	73.00	70.00	71.00	69.00
53.70	55.70	55.70	52.70	50.70	48.70	50.70
1.80	1.80	1.80	1.80	1.80	1.80	1.80
2.00	2.00	2.00	2.00	3.00	3.00	3.00
7.00	6.00	7.00	6.10	6.10	6.10	6.10
21.20	21.20	23.20	23.20	20.20	20.20	20.20
0.125	0.125	0.125	0.125	0.125	0.125	0.125
11.875	11.875	11.875	11.875	10.875	10.875	10.875
12.75	12.75	12.75	11.75	12.75	12.75	12.75
10.75	10.75	10.75	10.75	10.85	10.85	9.85
4.25	4.25	4.25	4.25	4.25	5.25	5.25
27.00	27.00	27.00	27.00	24.90	26.90	26.90
11.25	11.25	11.25	11.15	11.15	11.15	11.15
15.50	14.50	14.00	14.00	13.50	13.50	13.50
6.00	6.00	6.00	6.00	6.10	6.10	6.10
5.00	5.00	5.00	5.00	5.00	5.00	5.00
1.00	1.00	1.00	1.00	1.09	1.09	1.09
15.30	15.30	15.30	14.30	12.30	12.30	12.30
318.00	318.00	321.00	317.00	302.00	304.00	303.00

City of Port Huron

OPERATING INDICATORS
Last Ten Fiscal Years

Function/Program	June 30, 1997	June 30, 1998	June 30, 1999
Election data:			
Registered voters - November	21,020	21,541	20,945
Voters (at the polls or absentee) - November	10,754	5,800	8,657
Percent voting	51.2%	26.9%	41.3%
Police:			
Physical arrests*	2,747	3,145	3,656
Traffic violations*	6,330	5,112	5,003
Police reports*	8,133	7,422	6,903
Calls for service*	37,310	30,898	22,653
Fire:			
Fire runs*	218	180	216
Emergency medical runs*	29	47	656
Other*	579	603	682
Public works:			
Miles of streets resurfaced	1.49	2.78	1.68
Miles of streets reconstructed	3.80	9.90	5.29
Water:			
Accounts:			
City - regular	12,156	12,208	12,208
Port Huron Township	2,882	3,090	3,090
Fort Gratiot - regular	85	85	85
Fort Gratiot - Water District No. F	3,487	3,746	3,746
Kimball Township			
Clyde Township			
Burtchville Township	380		
Average daily pumpage (gallons per day)	8,300,000	8,300,000	8,300,000
Sewer:			
Equivalent connected population	56,900	56,900	56,900
Average daily sewage treatment (gallons per day)	11,200,000	12,560,000	12,560,000
Building construction			
Permits	748	683	641
Estimated value	\$ 26,842,567	\$ 39,123,226	\$ 24,414,998

* All information as of December 31, the prior year

June 30, 2000	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006
20,911	20,936	20,806	20,604	20,376	20,831	21,245
4,191	11,233	4,933	8,294	3,277	12,418	3,543
20.0%	53.7%	23.7%	40.3%	16.1%	59.6%	16.7%
3,364	2,960	2,900	2,835	3,107	2,770	2,773
5,566	5,613	4,979	7,867	6,162	4,715	4,513
6,664	6,986	7,037	6,430	6,837	6,546	6,584
23,171	24,207	22,791	19,108	19,112	18,151	18,840
187	159	139	201	127	207	137
1,156	1,473	1,707	1,744	2,025	2,390	2,615
671	689	746	669	783	628	869
0.28	1.76	2.19	1.02	0.00	0.00	0.26
2.07	12.32	8.69	9.92	6.53	6.24	2.65
12,454	12,545	12,605	12,653	12,689	12,726	12,770
3,060	3,141	3,244	3,259	3,275	3,355	3,392
85	85	85	85	85	85	137
4,010	4,090	4,276	4,432	4,539	4,544	4,971
1,343	1,289	1,451	1,550	1,550	1,640	1,668
						736
8,300,000	8,300,000	8,200,000	8,100,000	7,300,000	7,300,000	7,000,000
56,900	56,900	56,900	56,900	64,100	64,571	64,571
10,000,000	10,000,000	10,000,000	9,840,000	11,220,000	11,300,000	11,730,000
679	715	833	663	725	875	786
\$ 25,180,532	\$ 30,116,864	\$ 10,811,337	\$ 6,919,660	\$ 7,226,335	\$ 10,130,441	\$ 7,773,012

City of Port Huron

CAPITAL ASSET STATISTICS
Last Ten Fiscal Years

Function/Program	June 30, 1997	June 30, 1998	June 30, 1999
Police:			
Stations	1	1	1
Fire:			
Stations	3	3	3
Fire fighting apparatus	7	7	7
Rescue boat	1	1	1
Special response van		1	1
Heavy rescue van			
Hazmat trailer		1	1
Specialized equipment trailer			
Marina:			
Seasonal boat wells	131	131	122
Transient boat wells	389	389	406
Wells out of service			
Public works:			
Streets (miles):			
Major streets	43.370	43.370	43.370
Local streets	91.080	91.080	90.860
Trunkline	10.076	10.076	10.076
Streetlights	2,544	2,544	2,544
Parks and recreation:			
Public parks:	15	15	15
Acreage	125	125	125
Playgrounds (City owned)	20	20	20
Playgrounds (school owned)	8	8	8
Tennis courts	25	25	25
Public beaches	2	2	2
Public swimming pools	2	2	2
Community center	1	1	1
Public scenic turnouts	2	2	2
Public parkways	2	2	2
Parking:			
Metered lots	13	13	13
Spaces	980	980	913
Permit only lot - spaces	33	33	33
Seasonal attended lot - spaces	464	464	464
Permit only spaces in metered lots		65	65
Seasonal unattended lots - spaces			
ADA marked spaces in City lots			
Free lot - spaces	228	228	228
Street meters - spaces	546	500	555
Water:			
Watermains (miles)	170.1	170.4	170.4
Average capacity (gallons per day)	20,000,000	20,000,000	20,000,000
Maximum daily capacity (gallons per day)	30,000,000	30,000,000	30,000,000
Fire hydrants (City maintained)	1,093	1,148	1,148
Fire hydrants (private)	128	128	128
Sewer:			
Miles of sanitary, storm and a combination of sanitary and storm sewers	193.0	194.0	194.0
Average treatment capacity (gallons per day)	20,000,000	20,000,000	20,000,000
Maximum treatment capacity (gallons per day)	33,000,000	33,000,000	33,000,000

June 30, 2000	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006
1	1	1	1	1	1	1
3	3	3	3	3	3	3
7	7	7	7	7	7	6
1	1	1	1	1	1	1
1	1	1	1	1	1	1
						1
1	1	1	1	1	1	1
				1	1	
122	105	67	112	123	129	118
406	404	442	397	302	296	307
				84	84	84
43.220	43.220	43.220	43.220	43.220	43.220	43.220
91.070	91.370	91.340	91.370	91.370	91.370	91.370
10.076	10.076	10.080	10.080	10.080	10.080	10.076
2,551	2,551	3,096	3,096	3,096	3,096	3,096
15	15	15	15	15	15	15
125	125	125	125	125	125	125
20	20	20	20	20	20	20
8	8	8	8	8	8	8
25	25	25	25	25	25	25
2	2	2	2	2	2	2
2	2	2	2	2	2	2
1	1	1	1	1	1	1
2	2	2	2	2	2	2
2	2	2	2	2	2	2
13	13	13	13	13	13	13
888	888	880	880	865	865	866
33	33	33	33	33	33	33
464	464	464	464	460	460	460
150	117	236	121	135	135	168
			73	73	73	73
						48
228	228	228	228	228	228	
555	546	540	533	533	547	479
170.4	170.4	170.4	170.4	201.0	201.0	209.0
20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
1,233	1,250	1,263	1,269	1,314	1,314	1,369
128	128	128	129	129	129	129
194.0	222.0	222.0	222.0	234.0	234.0	243.9
20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
33,000,000	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000

City of Port Huron

PUBLIC WORKS PROJECTS
COMPLETED PROJECTS
June 30, 2006

The following is a summary of significant completed public works projects beginning with projects completed during the year ended June 30, 1999. Those projects with a significant portion of the project dedicated to the elimination of combined sewer overflows (CSO) are noted.

	<u>Streets and Other Funds</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
East Hancock Area	\$ 684,601	\$ 156,131	\$ 24,488	\$ 865,220
Hancock Street - 10 th to Gratiot	442,671	227,035	375,408	1,045,114 ****
8 th Street (CSO)	551,018	195,111	475,475	1,221,604 *
Stone Street - Hollis to Holland	630,246	242,847	85,676	958,769
Mason Area	573,606	251,139	347,205	1,171,950
Southside Bike Path	308,212			308,212 ****
St. Clair Street	106,515	157,461	48,422	312,398
Pine Grove Sidewalk and Bike Path	205,753			205,753 ****
Belmar Place	135,069		22,003	157,072
LaSalle Area	559,358	115,643	104,018	779,019
Varney Area	729,184	361,504		1,090,688 *
Tunnel Area (CSO)	34,659	1,846,275	3,819,316	5,700,250 *
Sherman Woods	1,288,362	516,635	313,205	2,118,202
Indian Creek 2A (CSO)	132,219	797,864	3,149,118	4,079,201 ***
Cooper Area	399,499	197,288	3,290	600,077
10 th Avenue - Garfield to Holland	872,698		60,881	933,579
Indian Creek 2B (CSO)	341,328	2,926,990	5,239,308	8,507,626 ***
Indian Creek 3 (CSO)	476,343	1,206,370	4,432,330	6,115,043
Indian Creek 2C (CSO)	165,626	2,563,575	5,012,653	7,741,854
Indian Creek 4 (CSO)	536,751	2,247,619	4,086,356	6,870,726
10 th Street	562,068			562,068
7 th and 9 th Street Area (CSO)		2,392,492	5,248,332	7,640,824
Gratiot - State to Holland	682,105		105,136	787,241 ****
Stone - McPherson to State	535,141	206,004	168,771	909,916 ****
10 th Avenue - River to Pine Grove (CSO)		650,354	4,982,100	5,632,454 ***
Peavey Area (CSO)		1,376,731	3,244,327	4,621,058 *
16 th Avenue Area Part 1 (CSO)	76,516	1,995,940	4,537,413	6,609,869
24 th Street - Dove to Electric (CSO)	433,642	481,011	1,185,885	2,100,538
Florida Area	690,912	201,817	44,393	937,122
Military Electric Area (CSO)	302,197	1,849,918	1,555,647	3,707,762
Rural Area (CSO)	213,626	2,177,856	4,898,545	7,290,027 ***
4 th Street Area (CSO)	312,545	1,805,000	5,710,819	7,828,364
11 th Avenue Area (CSO)		2,020,507	6,111,732	8,132,239 *
Palmer Court Area (CSO)		873,326	3,161,520	4,034,846
Traffic Signal Project	1,252,891			1,252,891 ****
Woodstock Area Part 1	734,235	501,230	235,022	1,470,487
Holland Avenue - Stone to Gratiot	374,910			374,910 ****
Holland Avenue - Pine Grove to Stone	1,189,764	405,033	459,806	2,054,603
McNeil Creek - Jones Place			546,966	546,966
Military Street - Utility Rehabilitation		191,251	240,037	431,288
Industrial Park Concrete	1,191,092	24,491	92,007	1,307,590 **
Beard Area - Industrial Park (CSO)		870,807	6,295,322	7,166,129 **
16 th Street Pump Station (CSO)			1,490,651	1,490,651 **

(Continued on next page)

City of Port Huron

PUBLIC WORKS PROJECTS
COMPLETED PROJECTS
June 30, 2006

	<u>Streets and Other Funds</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
10 th Street Pump Station (CSO)	\$	\$	\$ 950,245	\$ 950,245 **
12 th Avenue/River Street (CSO)	41,889	920,104	2,501,404	3,463,397 **
Thomas Street Pump Station			1,427,602	1,427,602 **
Wall Street	188,205	47,430	26,506	262,141 **
Indian Creek Pump Station (CSO)			1,308,259	1,308,259 **
Indian Creek 1 (CSO)	10,867	601,898	3,012,164	3,624,929 **
River Centre - Site Work	1,868,363	187,944	321,461	2,377,768 **
River Centre - Seawall	716,124			716,124 **
Renaissance South III	222,901	73,135	140,775	436,811
Solids Handling - WRF			<u>10,384,121</u>	<u>10,384,121</u>
Total public works projects	<u>\$ 20,773,711</u>	<u>\$ 33,863,766</u>	<u>\$ 97,986,120</u>	<u>\$ 152,623,597</u>

* Projects partially or completely funded through Community Development Block Grant funds.

** Projects partially or completely funded through tax increment financing.

*** Projects partially or completely funded through Environmental Protection Agency grant funds.

**** Projects partially or completely funded through other grant funds.

City of Port Huron

PUBLIC WORKS PROJECTS
CURRENT YEAR PROJECTS
Year Ended June 30, 2006

In any year the City of Port Huron has a number of public works projects in varying stages of completion. A schedule of costs incurred on such projects during the year ended June 30, 2006 appears below. Public works projects necessary for the elimination of combined sewer overflows (CSO) primarily involve substantial sewer separation work, but include improvements of water distribution lines where appropriate, the restoration of the roadways due to the sewer separation or water distribution line work and other street reconstruction, where necessary or recommended. Costs associated with these projects are primarily recorded in the Streets Funds, the Water Fund and the Wastewater Fund. Certain of these projects could also be recorded in the Community Development Block Grant Fund and the tax increment funds. Those projects with a significant portion of the project dedicated to the elimination of combined sewer overflows (CSO) are noted.

Costs incurred for public works projects for the 2005-2006 year are as follows:

	Streets and Other Funds	Water Fund	Wastewater Fund	Total
Merchant Area (CSO)	\$ (26,143)	\$ 210,945	\$ 695,668	\$ 880,470
Tunnel Area (CSO)	(713)	39,090	30,464	68,841
10 th Avenue (Garfield to Holland)	(27,694)		60,882	33,188
Indian Creek I and I (CSO)			145,375	145,375
16 th Avenue Area Part I (CSO)	76,516	257,743	602,642	936,901
16 th Avenue Area Part II (CSO)		1,283,561	2,837,357	4,120,918
16 th Avenue Area Part III (CSO)	18,269	457,760	756,365	1,232,394
Vanness Area (CSO)		94,121	174,763	268,884
Military Street (Reid to Water)	32,976	1,376,557	514,719	1,924,252
Woodstock Area Part 2	522,122	390,884	179,470	1,092,476
Holland Avenue - Stone to Pine Grove	986,485	405,032	459,806	1,851,323
Erie Area South (CSO)		359,918	839,808	1,199,726
Erie Area North (CSO)		45,604	106,411	152,015
Quay Street Riverwalk	248,793			248,793
Military Street Streetscape	404,624			404,624
Other contracts	186,634	395,586	(308,013)	274,207
Total public works projects	<u>\$ 2,421,869</u>	<u>\$ 5,316,801</u>	<u>\$ 7,095,717</u>	<u>\$ 14,834,387</u>

Reconciliation of public works projects to amounts reported in the financial statements is as follows:

Total public works projects above	\$ 2,421,869	\$ 5,316,801	\$ 7,095,717
Other capital additions	413,984	215,769	337,189
Change in contracts payable		(24,061)	148,646
Projects recorded in other funds:			
Land Purchase	(404,624)		
Tax Increment Finance Authority	<u>(252,033)</u>		
Capital outlay (Exhibit A-4 - Major and Local Streets Funds)	<u>\$ 2,179,196</u>		
Acquisition and construction of capital assets (Exhibit A-10)		<u>\$ 5,508,509</u>	<u>\$ 7,581,552</u>

SINGLE AUDIT SECTION

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Port Huron, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Port Huron, Michigan as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 29, 2006. Those basic financial statements are the responsibility of the management of the City of Port Huron, Michigan. Our responsibility was to express an opinion on those basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the City of Port Huron, Michigan's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

September 29, 2006

Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Honorable Mayor and
Members of the City Council
City of Port Huron, Michigan

We have audited the financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Port Huron, Michigan as of and for the year ended June 30, 2006 which collectively comprise the City of Port Huron, Michigan's basic financial statements and have issued our report thereon dated September 29, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Port Huron, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Port Huron, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Honorable Mayor and
Members of the City Council
City of Port Huron, Michigan

This report is intended solely for the information and use of the City Council, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

September 29, 2006

Report on Compliance with Requirements Applicable to Each
Major Program and on Internal Control Over Compliance in
Accordance with OMB Circular A-133

To the Honorable Mayor and
Members of the City Council
City of Port Huron, Michigan

Compliance

We have audited the compliance of the City of Port Huron, Michigan with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. The major federal programs of the City of Port Huron, Michigan are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Port Huron, Michigan's management. Our responsibility is to express an opinion on the City of Port Huron, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Port Huron, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Port Huron, Michigan's compliance with those requirements.

In our opinion, the City of Port Huron, Michigan complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

To the Honorable Mayor and
Members of the City Council
City of Port Huron, Michigan

Internal Control Over Compliance

The management of the City of Port Huron, Michigan is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Port Huron, Michigan's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City Council, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

September 29, 2006

City of Port Huron

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2006

<u>Federal Agency/Pass-through Agency Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Entity Project/Grant Number</u>	<u>Award Amount</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:				
Community Development Block Grants:	14.218			
Program year 2001		B-01-MC-26-0038	\$ 1,160,000	\$ 6,812
Program year 2002		B-02-MC-26-0038	1,165,000	64,450
Program year 2003		B-03-MC-26-0038	1,037,000	45,743
Program year 2004		B-04-MC-26-0038	1,023,000	207,913
Program year 2005		B-05-MC-26-0038	977,233	368,808
Total Community Development Block Grants				<u>693,726</u>
Home Investment Partnership Program:	14.239			
Program year 2002		M-02-MC-260217	486,000	101,038
Program year 2003		M-03-MC-260217	301,874	13,982
Program year 2004		M-04-MC-260217	300,835	82,937
Program year 2005		M-05-MC-260217	289,838	111,829
Program year 2006		M-06-MC-260217	272,286	72,733
Total Home Investment Partnership Program				<u>382,519</u>
Economic Development Initiative Special Project Grant:	14.246			
Program year 2005		B-05-SPMI-0127	347,200	90,000
Total Economic Development Initiative Special Project Grant				<u>90,000</u>
Section 8 New Construction and Substantial Rehabilitation	14.182	MI-28-8023-004	456,525	456,525
Total U.S. Department of Housing and Urban Development				<u>1,622,770</u>
U.S. Department of Homeland Security - Assistance to Firefighters Grant:	97.044			
Program year 2004		EMW-2004-FG-03481-001	251,100	1,556
Program year 2005		EMW-2005-FG-02222-001	216,700	175,775
Total Assistance to Firefighters Grant				<u>177,331</u>
Katrina Support	97.unknown	FEMA	22,956	22,956
Total U.S. Department of Homeland Security - Assistance to Firefighters Grant				<u>200,287</u>

City of Port Huron

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended June 30, 2006

<u>Federal Agency/Pass-through Agency Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Entity Project/Grant Number</u>	<u>Award Amount</u>	<u>Federal Expenditures</u>
U.S. Department of Homeland Security - Passed through Michigan Department of State Police, Emergency Management Division:				
State Domestic Preparedness Equipment Support Program:	97.004			
Exercise		N/A	9,000	198
State Homeland Security		N/A	447,500	350,444
Law Enforcement Terrorism Prevention		N/A	136,424	131,462
State Domestic Preparedness Equipment Support Program Part II:	97.004			
Critical Infrastructure Protection		N/A	477,000	477,000
State Homeland Security	97.073	N/A	369,890	1,294
Buffer Zone Protection Plan	97.078			
Program Year 2005		N/A	99,202	<u>96,361</u>
Total U.S. Department of Homeland Security - Passed through Michigan Department of State Police, Emergency Management Division				<u>1,056,759</u>
Total U.S. Department of Homeland Security				<u>1,257,046</u>
U.S. Department of Justice - Bureau of Justice Edward Byrne Memorial State and Local Law Enforcement Assistance Program:	16.579			
Program year 2004		72232-1-04-B	9,445	8,500
Assistance Law Enforcement Block Grant:	16.592			
Program year 2003		2003-LB-BX-0583	31,660	19,846
Program year 2004		2004-LB-BX-0870	14,282	14,282
Edward Byrne Memorial Justice Assistance Grant Program:	16.738			
Program year 2005		2005-DJ-BX-0701	21,902	21,902
Program year 2006		2006-DJ-BX-0637	14,237	<u>14,237</u>
Total U.S. Department of Justice				<u>78,767</u>
U.S. Environmental Protection Agency: Surveys, Studies, Investigations, and Special Purpose Grants:	66.606			
Program year 2003		XP-00548003-0	867,300	<u>779,138</u>

City of Port Huron

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2006

<u>Federal Agency/Pass-through Agency Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Entity Project/Grant Number</u>	<u>Award Amount</u>	<u>Federal Expenditures</u>
U.S. Environmental Protection Agency - Passed through Michigan Department of Environmental Quality:				
Capitalization Grants for State Revolving Funds: 66.458				
Project number 5006-06			3,650,000	774
Project number 5006-08			1,670,000	10,764
Project number 5006-09			3,770,000	211,827
Project number 5006-10			1,170,000	10,071
Project number 5006-11			2,535,000	235,589
Project number 5006-12			2,955,000	198,682
Project number 5006-13			1,655,000	163,980
Project number 5006-14			1,325,000	133,381
Project number 5177-01			10,220,000	943
Total Capitalization Grants for State Revolving Funds				<u>966,011*</u>
Capitalization Grants for Drinking Water State Revolving Funds: 66.468				
Project number 7105-01			1,800,000	23,409
Project number 7110-01			3,930,000	1,832
Project number 7132-01			600,000	22,344
Project number 7147-01			2,315,000	257,500
Project number 7150-01			520,000	8,535
Project number 7167-01			2,015,000	516,110
Project number 7168-01			2,105,000	647,825
Project number 7169-01			510,000	177,799
Project number 7185-01			1,355,000	87,806
Project number 7186-01			1,025,000	92,059
Project number 7187-01			705,000	65,867
Total Capitalization Grants for Drinking Water State Revolving Funds				<u>1,901,086*</u>
Total U.S. Environmental Protection Agency - Passed through Michigan Department of Environmental Quality				<u>2,867,097</u>
Total U.S. Environmental Protection Agency				<u>3,646,235</u>
Total federal awards				<u>\$ 6,604,818</u>

The notes to the schedule of expenditures of federal awards is an integral part of this schedule.

* Amount is included in long-term debt on the Comprehensive Annual Financial Report

City of Port Huron

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2006

Note A -Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Port Huron, Michigan and is presented on the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B - Subrecipient Awards

Of the federal expenditures presented in the schedule, federal awards were provided to subrecipients as follows:

<u>Federal Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Port Huron Neighborhood Housing Corporation:		
Home Investment Partnership Programs	14.239	\$ 118,647
Economic Development Initiative		
Special Project Grant	14.246	<u>90,000</u>
Total		<u>\$ 208,647</u>

City of Port Huron, Michigan

Schedule of Findings and Questioned Costs Year Ended June 30, 2006

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major program(s):

- Material weakness(es) identified? ☐ Yes ☒ No
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ☐ Yes ☒ No

Identification of major program(s):

CFDA Numbers	Name of Federal Program or Cluster
14.218	Community Development Block Grants
14.182	Section 8 New Construction and Substantial Rehabilitation
66.606	EPA Surveys, Studies, Investigations, and Special Purpose Grants
97.004	State Domestic Preparedness Equipment Support Program

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

City of Port Huron, Michigan

Schedule of Findings and Questioned Costs (Continued) **Year Ended June 30, 2006**

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None